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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2228



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PROSPECTS FOR EAST-WEST ECONOMIC RELATIONS IN 1980'S ANALYZED

East Berlin DEUTSCHE AUSSENPOLITIK in German Vol 26 No 11, Nov 81 (signed to press 2 Oct 81) pp 73-87

/TInvestigation and Surveys' feature article by Dr Paul Freiberg and Dr Juergen Nitz, Institute for International Politics and Economics (IPW), East Berlin: "Trends and Problems in East-West Economic Relations on the Threshold of the 1980's." Translations of articles cited in footnotes below are published under quoted headings in the following JPRS issues of this series: Footnote 5--"Prospects for East-West Economic Cooperation Examined," by Monika Wandrow, IPW, 74023, 16 Aug 79, No 1925, pp 1-14; footnote 12--"Socialist-Capitalist Economic Relations Problems Analyzed," by Juergen Nitz, IPW, 69571, 9 Aug 77, No 1659, pp 1-124; footnote 24--CEMA Efforts to Reduce Trade Deficits Analyzed," DIW-WOCHENBERICHT article by Jochen Bethkenhagen, German Institute for Economic Research (DIW), West Berlin, 75896, 17 Jun 80, No 2017, pp 1-17; footnote 27--"Development of CEMA Ties With Japan Outlined," by Paul Freiberg, IPW, 78531, 16 Jul 81, No 2150, pp 1-10. Other articles on the subject by Freiberg and/or Nitz are translated under quoted headings in the following JPRS issues of this series: "Socialist-Capitalist Cooperation in Third World Advocated," 73336, 30 Apr 79, No 1889, pp 22-46; and "Socialist-Capitalist Economic Relations Analyzed," 66610, 19 Jan 76, pp 12-49. A translation of the SED Directive on the 1981-85 Five-Year Plan, cited in footnote 30, is available in JPRS 78163, 27 May 81, No 2130 of this series, pp 2-56. For a West German analysis of the Directive and for excerpts of the 1981-85 Plan and of the 1982 plan and budget, see translations published in the following IPRS issues of this series: 79108, 1 Oct 81, No 2181, pp 42-56 and 79769, 31 Dec 81, No 2216, pp 7-29, respectively.

/Text/ At the Tenth SED Congress Erich Honecker noted that, based on our economic relations with the socialist countries, we will in future also develop and extend our foreign trade with the capitalist industrial countries, because such trade serves peaceful coexistence and encourages economic growth in the GDR.

"We advocate...that our trade with these countries be conducted on the basis of equality, free from any discrimination, obstacles and restrictions. It should proceed on a long-term and stable contractual basis."¹

At the Twenty-sixth CPSU Congress L.I. Brezhnev uttered the same sentiment when he stated:

"We are in favor of developing trade and economic relations with the West too. Actually, that is one of the factors for the stabilization of international relations." ²

These and similar statements at the party congresses of other fraternal parties reflect the trend of the growing internationalization of economic life as an objective inevitability of our age. That does not only apply to economic relations within the socialist and capitalist worlds but also to those between them.

The directives of the party congresses of communist and workers parties in the CEMA countries talk of the further expansion of economic relations with the capitalist industrial countries. This is based mainly on the close economic cooperation among the CEMA countries within the framework of socialist economic integration and the long-term stable economic growth of the countries in the socialist community; it is also due to some favorable results achieved in East-West economic relations in the 1970's consequent upon political detente. Especially in conjunction with the conclusion of the CSCE [Conference on Security and Cooperation in Europe] this provided important prerequisites for the internationalization of the productive forces in countries with varying social systems to become more effective despite many divergences.

When we appraise the development of East-West economic relations in the 1970's, we note the following:

1. Foreign trade turnover between capital industrial (OECD) countries and the CEMA member countries rose from \$13.5 billion in 1970 to \$46.5 billion in 1975 and \$79.8 billion in 1979; in other words it rose more than 6-fold in the course of this decade.

That favorable trend continued through the beginning of the 1980's. In 1980, for example, foreign trade turnovers between the groups of countries mentioned rose to \$91.5 billion. At the same time the CEMA countries--consonant with their state directives--succeeded in more strongly developing exports.

It is remarkable that the development of reciprocal foreign trade turnover has remained relatively stable despite constant discrimination, restrictive practices and other barriers on the part of the Western countries and despite the economic crisis which hit the capitalist industrial countries in the mid-1970's (see table 1, appendix). This is a powerful testimonial to the rising interest of capitalist business circles in profitable economic relations.

2. East-West trade assumed greater importance for all countries concerned.

This is exemplified by the share of the capitalist industrial countries in the foreign trade of the CEMA countries. In 1955 this amounted to only 19.7 percent, in 1970 to about 23 percent; since 1975 it has risen to an average of 30 percent (even more for some CEMA countries and in some years, see table 2, appendix).

For the capitalist countries of Western Europe and Japan trade with the promising markets of the socialist countries has gained in importance. The lion's share of East-West trade is held by Western Europe (1980: 86 percent) and especially the

EEC region (1980: 67 percent of total East-West trade and 78 percent of Eastern trade with Western Europe); Japan's share is 7-8 percent, that of the United States less than 8 percent.

3. The types and methods of economic cooperation underwent a qualitative development in the 1970's. New and more intensive types of cooperation evolved. These include compensation projects, cooperation on third markets, scientific-technological cooperation, production cooperation, licensing, mixed companies--especially on the territories of Western countries--, growing credit relations.

Precisely these new types of cooperation illustrate the interrelation between politics and economics, the fact that the international division of labor depends on the international climate, the progress of detente, mutual confidence as the precondition for all-round cooperation. Such division of labor as represented by the types listed develops successfully only in conditions of international security. In the 1960's, in the light of the after effects of the cold war, such types arose only tentatively; influenced by the international detente beginning in the 1970's, they developed far more strongly, especially from the mid-1970's on. This was demonstrated by the fact that more than 2,000 cooperation contracts were concluded in that decade, up to the early 1980's.³ It was noted at the 35th ECE Conference in April 1980 that some 30 percent of East-West trade were realized on the basis of cooperation contracts which were the most widespread of the new types of cooperation. In view of the advancing international division of labor, this responds to the international trend and has favorable results for both parties. For the average of the CEMA countries the growth rates of cooperation deliveries are twice or three times greater than the general rate of growth of their foreign trade turnover with the capitalist industrial countries.⁴ In 1975 a third of the CEMA countries cooperation agreements involved production specialization with capitalist firms; by the end of the 1970's this proportion had risen to about 50 percent.

Up to now most cooperation agreements were concluded in the sectors machine construction, electrical engineering/electronics and chemicals. Lately cooperation agreements have been added in the iron and steel sector as well as in light industry.⁵

4. The dynamic development of trade and economic relations between the CEMA countries and capitalist industrial countries as well as the variety of types of economic cooperation would have been impossible without simultaneous advances in the development of financial and credit relations. Indeed, the search for types of financing largely adequate to the intersystemic nature of East-West economic cooperation favored and to some extent made possible the development of such types of economic relations as cooperation, compensation and licensing. The ensuing more active role of banks and the expansion of banking relations as well as the rooting of financing and credit issues in international agreements contributed a great deal to cooperation.

5. Another trend surfaced in the second half of the 1970's, namely that many of the projects carried out in East-West economic cooperation increasingly demonstrated multilateral features. This holds true especially for large-scale projects. Currently some 100 such major projects are in the process of implementation, 70 of them by the USSR.

6. New qualitative advances in East-West relations arose in the 1970's by the evolution of an essentially new international mechanism of such collaboration, which was created concurrently with the contractual bases of political relations. It was reflected mainly in bilateral and multilateral agreements, long-range programs of cooperation (sometimes for 10-15 years) and the institutionalization of this cooperation (by way of, for example, mixed government commissions, study groups, joint chambers of commerce, economic councils, and so on).⁶

Examples are the long-term 1980-1990 agreement between the USSR and France (1979), the May 1978 agreement on the development of the deepening of long-term cooperation in industry and business between the USSR and the FRG (concluded for 25 years), the long-term trade and payments agreement 1980-1990 between the GDR and Austria (November 1980) and the long-term agreement on trade and shipping between the GDR and Japan (May 1981). Such long-range agreements add stability to international relations.

Here we see demonstrated the close interrelation of economics and politics: Rooted in these agreements are those standards and principles of international economic relations, which are fundamental to the principles of the socialist countries foreign policy and represent the only possible basis for relations between countries with differing social systems. They ensure equal and mutually profitable cooperation and prevent political conditions from being imposed or unilateral benefits achieved. These treaties and agreements are a qualitative advance in international relations between socialist and capitalist states. However, such qualitative progress is possible largely in conditions of steadily deepening detente. That is shown very clearly by the 1970's, especially the years following Helsinki. The Helsinki agreements provided a strong impetus to the further evolution of East-West economic relations, a fact impressively demonstrated by the many new agreements and contracts concluded since then between socialist and capitalist signatories of the final act.

In the past 5 years the GDR too has greatly expanded the system of international contracts and agreements. The more than 190 contracts and agreements concluded by the GDR since Helsinki with the majority of Western states cover all sectors of the CSCE final act and are an important base for actual cooperation in economic and technical fields also.

Economic Relations Require Detente

At the end of the 1970's the all-round beneficial effects of political detente on East-West economic relations were countered increasingly by factors which turned into a negative trend for the development of international relations and, therefore, economic relations between countries with differing social systems.

The connection between economics and politics to which economic relations between countries with differing social systems are particularly subject, was most evident at the threshold of the 1980's. The struggle for peace entered a phase of more intense conflict. Certain imperialist circles, especially in the United States, preferred confrontation to detente; they put their trust in the arms race and are now speeding it up; they are striving for military superiority over the socialist community. That was demonstrated in the NATO arms modernization plans such as the

1978 NATO long-range program, the 1979 missile program, the so-called new nuclear strategy and the resumed activity relating to the introduction of the neutron weapon. These are plans which are to be implemented by the aggressive imperialist circles despite the resistance of broad strata of the European public and in total disregard of the deadly perils arising therefrom for densely settled Europe.

The further pursuit of this aggressive imperialist policy, another round of increased rearmament, especially the emplacement of a new missile generation in Europe and the ensuing further exacerbation of the international situation, would certainly not leave East-West economic relations untouched and put at risk those successes which were achieved in the 1970's.

The crucial question now is that of setting at naught the confrontation policy of aggressive imperialist circles. It is the common obligation of all peace loving forces to oppose any policy involving another arms race and confrontation. This would also have a favorable effect on the future of economic cooperation between countries with differing social orders. Therefore, as Erich Honecker noted at the Tenth SED Congress, one of our priority foreign political targets is the steady and persistent work "for the security of peace, for an end to the arms race with the aim of protecting and expanding political detente, stabilizing and making it irreversible in particular by military detente and disarmament."⁸

The socialist countries consistently advocate the expansion of relations of peaceful coexistence with the capitalist countries as well as for the intensification of contacts and agreements with the aim of deepening collaboration in the interest of peace and mutual benefit.

Though, as L.I. Brezhnev noted at the Twenty-sixth CPSU Congress, the development of trade and economic relations with the West is one of the factors for the stabilization of international relations, the socialist countries cannot agree that these relations should be subordinated to aggressive imperialist policies and misused as a means to exert political pressure on the socialist world. As L.I. Brezhnev emphasize, "the politics of the capitalist countries too must be taken into account. They attempt quite frequently to exploit their economic relations with us as a means for exerting political pressure. Do we not have proof of this in the bans and discriminatory restrictions of various kinds in trade with this or that socialist country?"

We cannot yet speak of equal and nondiscriminatory trade, of trade for the mutual profit in the most comprehensive meaning. Just lately imperialist circles have once again constructed many obstacles in the political as well as the economic sector. The aggressive policy of U.S. imperialism is particularly involved. In connection with such topics not at all concerned with East-West economic relations as USSR aid for the Afghan people, U.S. imperialism attempts to use its economic relations with the socialist countries to exert political pressure. In the case of the People's Republic of Poland also the enemies of socialism try to guide developments in that country on counterrevolutionary lines, not least by the misuse of international economic relations.¹⁰

Actually the facts show that the most reactionary circles of imperialism began, long before their lying allegation of "Soviet intervention" in Afghanistan, to

undermine the detente in the international situation, which began in the 1970's, to gain influence--hostile to detente--on foreign and foreign trade policies especially in the United States, and to produce an exacerbation of the situation. At least two stages of such efforts are apparent in the field of economic relations:

-- The first phase began with U.S. discriminatory trade legislation in 1974 (this trade legislation made more comprehensive economic relations with the socialist countries subject to discriminatory terms, represented provocative interference in their internal affairs and, in 1975, caused the shipwreck of the U.S.-Soviet trade agreement), and

-- The qualitative exacerbation beginning in 1978, when this trend became more and more obvious, and the Carter Administration adopted massive measures to use trade as a means of exerting political pressure on the USSR (for instance the ban of exports of computers to the Soviet Union, the virtual ban on exports of modern technology such as devices for oil and natural gas exploration).

Though the economic measures were primarily directed against the USSR, they affected all CEMA countries directly or indirectly. This in fact was the intention of their initiators who thereby involved important sectors of international economic relations. They had their crucial and superordinated political and military counterpart in the resolutions (mentioned earlier) adopted by the NATO summits of Washington (May 1978) with regard to the long-term program and East-West studies, of Brussels (December 1979), the steady rise in defense expenditures by the NATO countries, and so on.

In January 1980 the Carter Administration broke an entire series of treaties, international agreements and contracts by unilaterally imposing economic sanctions on the USSR. Obviously these were by no means caused by the USSR's aid to the fraternally allied Afghan people and the national liberation movement generally but reflected and directly followed the line long pursued by the most aggressive circles of imperialism. At the same time it is true to say that this exacerbation assumed another quality, consisting in the further reduction of economic and scientific-technological relations which had already been limited by the discrimination exercised by the United States.

At the present time the economy of the countries in the socialist community has achieved a far higher status, and the industry of the CEMA countries is quite capable of supplying the socialist community with virtually all kinds of modern and complex equipment. Consequently doomed to disappointment are the hopes of U.S. circles and other NATO politicians of being able to stem the development of socialism by discriminatory measures. Imports from capitalist countries, including the United States, have never been vital for the creation and development of the industrial base of the socialist countries. In the first 3 years of the Tenth Five-Year Plan, for example, the USSR invested R130.3 billion in equipment but imported machines and equipment from the United States for only R1.2 billion.¹¹

The lessons of history--the experiences of the postwar period--therefore demonstrate that economic sanctions have never been suitable means for the settlement of political issues.¹² Embargoes tend rather to undermine international cooperation as a whole and create new obstacles to trade which is anyway burdened with the protectionist measures of some Western countries.

The growing protectionism of capitalist countries in particular, added to the embargo policies of Western circles, has resulted in serious disruptions and burdens with regard to the evolution of mutually profitable trade relations. At the end of the 1970's we observed a new quality in the protectionist measures used by the capitalist countries. These affected not only large segments of capitalist world economic relations but also important sectors of economic relations between socialist and capitalist countries.¹³

By comparison with their treatment of imports from capitalist countries, our capitalist trading partners persist, for example, in imposing on us higher customs tariffs, an extensive list of goods subject to quantitative limitations and licensing obligations as well as a complicated procedure for the settlement of trading transactions. Subject to import restrictions, for example, are some 40 percent of the products exported by the CEMA countries to the EEC region.¹⁴

New and artificial barriers complement the old obstacles. Examples of such new barriers arbitrarily erected against the socialist countries are the resolution adopted in 1978 by the EEC to introduce restrictions on the commercial operations of socialist shipping companies, so-called anti-dumping proceedings against exporters from the socialist countries, which were later canceled due to their evident untenableness, and also the imposition of new duties with protectionist aims or the demand for so-called "voluntary" export limitations.

These new and artificial barriers--motivated by political or economic considerations--complement the old obstacles and halted thereby is the process of the normalization of trade terms, which is so important for the development of equal and mutually profitable relations. Instead such discriminatory measures strengthen the general uncertainty in international economic relations and destabilize the situation of world trade. They obstruct the development of long-range production cooperation or the implementation of major projects, in other words precisely those new types of economic relations between socialist and capitalist countries, which are most promising and to which even ECE estimates attribute the best prospects for the 1980's, because they would ultimately serve to expand the traditional types of trade exchange. Finally such discriminatory measures violate multilateral treaties and agreements such as the CSCE obligations solemnly incurred by all countries at Helsinki.

The development of financing and credit relations also was constantly impeded by the imperialist countries, although in Helsinki they had accepted the obligation to "deal with them with a view to contributing to the steady expansion of trade." This involved not only the effects of increasing inflationist pressure but also attempts to coordinate the export credit policies toward the socialist countries within the scope of the EEC and OECD, especially attempts to limit favorable credit terms. And yet many international agreements are particularly concerned with the realization of favorable credit terms.

Lately many of those factors adversely affected East-West economic relations, which were due to the internal economic developments in capitalist countries and arose from the chronic crises there. They included:

- The trend to a slowdown in economic growth in the capitalist industrial countries.

- The relatively slow rate of capital accumulation, especially after the mid-1970's crisis in the major capitalist countries;
- The chronic inflation in the capitalist countries;
- The increasing instability of the capitalist monetary system; to be cited here as an example is the steady decline of the U.S.dollar.

The worsened situation on the capitalist world market resulting from these and other features has for some time represented a significant handicap for the deepening of cooperation and the division of labor between socialist and capitalist countries. Most of all it has impeded the marketing opportunities on the capitalist world market and the evolution of stable economic relations.

According to the latest annual report by the International Agreement on Tariff and Trade (GATT) of 17 September 1981, world trade continues to suffer as a result of the economic crisis in the capitalist countries. The report states that the international exchange of goods stagnated in the first 6 months of 1981 due to inflation, unemployment and budget deficits, and that the value of this exchange, calculated in dollars, has actually declined.

Realistic Attitudes Must Prevail

Obstacles to international economic relations between socialist and capitalist countries--and this awareness is gaining ground--ultimately do most damage to the capitalist companies which have major contracts with the foreign trade organizations of the socialist countries. American firms estimate that they have lost \$7-8 billion as a consequence of the recent discriminatory measures adopted by the U.S. Administration. FRG companies suffer annual losses in the amount of about DM16 billion resulting from export bans directed against the socialist countries. Canadian, Japanese, Italian and other firms also are compelled to accept giant losses for these reasons.¹⁵

Among the capitalist states the West European countries are the leading trading partners of the socialist countries. They sell mainly finished goods on the socialist market, primarily machines and equipment which, in the 1970's, accounted for about a third of the goods imported from capitalist countries by the socialist community. The products of machine construction from capitalist countries represented some 80 percent of the CEMA countries total imports of these goods. Sold on the socialist market were 9-12 percent of the output of machine construction in the FRG, France, Italy, Switzerland, Denmark and Sweden. In the case of Austria these sales amounted to 25 percent of the total, of Finland to 33 percent, with an average of 7-8 percent for the capitalist industrial countries as a whole. Orders from the CEMA countries safeguarded the jobs of some 2 million working people in Western Europe.¹⁶ In view of nearly 9 million unemployed recorded at the beginning of 1981 in the EEC region alone, this means more than 8 percent of persons gainfully employed in the EEC, certainly not a negligible figure, especially because, in the view of West European economic research institutes, no significant business revival is to be expected in Western Europe, and the *HANDELSBLATT* talks of "stagnation at the EC level."¹⁷

It is therefore not surprising that all realistically thinking politicians and businessmen, especially in West European countries, openly reject such attempts to disrupt East-West economic relations as those of the U.S. Administration to involve other Western countries in their policies directed against detente and mutually profitable economic cooperation.

France adopted a particularly unequivocal attitude against the efforts to impose a political boycott on the CEMA countries.¹⁸

As far back as the 1960's France began to follow a political line of increased cooperation with the socialist countries, although that process was not always free of contradictions. The economic factor was of quite some importance in this context. The causes of the French attitude vary; they are to be found in political, economic, trading and scientific-technological considerations, the powerful pressure of anti-imperialist forces within the country and, not least, in the realism of certain circles of the French bourgeoisie. This unmistakable attitude of the French was demonstrated by, for example, the conclusion in late March 1980 of a contract for the delivery to the USSR of two French turnkey plants for the production of oilwell equipment, worth F500 million,¹⁹ that is at a time when the Carter embargo measures were at their highest point, or the 10-year agreement signed in April 1980 on economic, industrial and technical cooperation between the GDR and France.²⁰

The ambiguity in the attitude of most major NATO countries is demonstrated in the fact that they approve the NATO arms modernization, increase their arms budgets and profess "solidarity" with the United States on the one hand yet, on the other, wish to secure their solid economic interests in East-West trade.

Trade with the CEMA countries also holds considerable significance for many industries and firms in the FRG, though its government stands out by strongly defending NATO arms modernization in Western Europe despite the growing resistance of broad circles of the public. This is demonstrated by the annually rising volume of this trade and the circumstance that almost 28 percent of the OECD countries total East-West trade are accounted for by the FRG, furthermore by the fact that this trade is particularly important for some FRG industries such as the iron and steel industry, machine construction and energy supply. A considerable proportion of these industries total exports and imports involves the CEMA countries. In view of the more than 1 million strong army of unemployed it is certainly not a negligible matter that orders from socialist countries secure jobs and provide wages and bread for about 500,000 FRG citizens,²¹ and that approximately 6,000 FRG firms handle orders from CEMA countries.²²

For instance, 19.2 percent of total steel exports flow to the CEMA countries; in the case of machine tools and rolling mill products such exports account for 17.6 percent and of iron goods for 13.9 percent. In 1980 the Mannesmann-Roehrenwerke used 70 percent of their capacity to carry out Soviet orders. As regards the Salzgitter Corporation, the export volume transacted in 1979 with the socialist countries amounted to DM700 million, about 25 percent of the firm's total exports; in the case of the Hoechst Corporation about 9 percent of the 1978 business turnover was accounted for by such exports.²³

At the same time the FRG obtains from the CEMA member countries 13.2 percent of its total imports of semifinished goods, 35.8 percent of coal imports, 16 percent of oil and natural gas imports, 12.9 percent of copper imports and 14.3 percent of cotton imports. Comparative figures of other raw materials are 43 percent for palladium, 38 percent for enriched uranium, 27 percent for molybdenum powder, 23 percent for ferrochrome, 21 percent for crude titanium, 7 percent for crude nickel and 17 percent for phosphates.²⁴

This shows that the growth of many FRG industries and their supplies of raw materials are indivisibly linked to economic relations with the socialist countries and proves the naivety of any talk of "Moscow's dependence on Western deliveries," especially because FRG corporations have in the past recorded sorry experiences with embargos imposed against socialist countries.

In Japan also more and more people advocate the abolition of barriers which impede mainly economic relations with the USSR and in many respects derive from the pressure exerted by the Carter Administration. This realistic attitude is reflected, for example, in Prime Minister Zenko Suzuki's statement (shortly after his assumption of office) that relations with the Soviet Union "are very important for Japan." He added that it was therefore necessary "to revive the friendship between the two countries, because this is needed both from the aspect of peace and stability in Asia and that of mutual benefit and the prosperity of the two countries."²⁵ Siberian deposits of oil, natural gas, coal and timber are not only promising and located in geographical proximity to Japan, they also offer an opportunity for the greater diversification of raw material supplies. Already Japan meets its needs for some raw materials to a considerable extent by imports from the USSR, in the case of lumber to about 19 percent, potash salt 16 percent, aluminum 15 percent, nickel 22 percent and cotton 14 percent. The growing Japanese interest in the expansion of these relations is demonstrated by the long-term agreement on the exchange of goods and payment transactions 1981-1985, concluded in May 1981 with the USSR.²⁶

The visit to Japan by Erich Honecker, general secretary of the SED Central Committee, in May 1981 also showed the great interest in the expansion of economic relations with the socialist countries. This is reflected in the long-term treaty on trade and shipping concluded on the occasion of this visit by the GDR and Japan.²⁷

Countries like Finland and Austria have a very favorable attitude to East-West economic relations, but the governments of Sweden and Switzerland and even such NATO members as Greece and Turkey also have clearly rejected all sanctions, especially of an economic nature. Swedish Foreign Minister Ola Ullsten, for example, stressed in April 1980 that Sweden rejected economic sanctions as a matter of principle.²⁸

Opportunities for the 1980's

The results of the 1970's, especially the qualitatively new trends in East-West economic relations, provide promising prospects for economic cooperation between socialist and capitalist countries in the 1980's. The CEMA states oppose the largely destructive line of certain imperialist circles by a consistent policy of the all-round development of international trade and economic relations, free of discrimination and artificial barriers.

When we assess the prospects of East-West economic relations in the 1980's, we must note first of all that the stable economic development of the CEMA member countries represents a favorable factor for international economic cooperation in this decade too. In the course of his visit to Japan Erich Honecker stated:

"In this decade also the German Democratic will be a reliable, efficient and stable partner for all those who desire peace, detente and disarmament, for all those who are interested in peaceful trade and international economic cooperation based on mutual profit."²⁹

The latest party congresses of communist and workers parties in the CEMA countries have shown that these countries are prepared to create every prerequisite for further developing international economic relations, including those with the capitalist countries. The economic strategy on the development of the national economies concerned, adopted by the various party congresses, serves this goal. The directive of the Tenth SED Congress, for example, says:

"The GDR endeavors in the period through 1985 to develop trade with the capitalist industrial countries on the basis of equality and reciprocal profit."³⁰

At the same time the directive lists the means and criteria for achieving this goal: "It will be necessary fully to meet the qualitatively new criteria for the development of output for export as well as for the quality, extent of refinement, competitiveness on the world market and efficiency of our export merchandise. We must devote greater attention to the demand on foreign markets and adjust our foreign marketing organization to the conditions on international markets; products must be exported at the best possible foreign exchange prices, the efficiency of market research raised and customer service and spare part supplies further improved."³¹

Still, we must never disregard the close connection between economics and politics when assessing the opportunities for the 1980's in the sphere of East-West economic relations. It will be possible to develop comprehensive and equal cooperation for the mutual profit only if detente continues and military detente complements political detente. Peaceful coexistence, the strengthening of peace and the curbing of the arms race are the only possible approach to the expansion of economic cooperation.

On this basis there is every chance for further expanding foreign trade between the socialist and capitalist countries, developing especially the new types of cooperation, bases of agreements and mechanisms, and to give new impetus to scientific-technological cooperation. Consonant with topical scientific-technological needs we might then tackle such projects as rational energy use, technological problems of energy production, the replacement of scarce industrial raw materials, technology transfer and international research cooperation.³² An important impetus could be supplied by an all-European congress on problems of energy supplies and traffic as proposed by the socialist countries. Other favorable effects could be expected from an agreement on the bases of relations with the EEC, which the CEMA countries already proposed 5 years ago. The draft then provided for the abolition of trade barriers by customs tariffs and other measures, for a most favored nation clause and the creation of other conditions needed for successful cooperation. Unfortunately these proposals have been rejected up to now.

The CEMA member countries wish for the expansion and consolidation of foreign trade relations with countries of differing social systems is basic and demonstrates the constant endeavor of the states of the socialist community to achieve peace. It maintains its relevance in the 1980's too.

FOOTNOTES

1. "Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den X. Parteitag der SED" /SED Central Committee Report to the Tenth SED Congress/, Berlin 1981, p 95.
2. "XXVI. Parteitag der KPdSU. Rechenschaftsbericht des Zentralkomitees der KPdSU und die Naechsten Aufgaben der Partei in der Innen- und Aussenpolitik" /Twenty-sixth CPSU Congress. CPSU Central Committee Report and the Coming Tasks of the Party in Domestic and Foreign Policy/, Berlin 1981, p 13.
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Appendix

Table 1--Development of Foreign Trade Between the CEMA Member Countries and the Capitalist Industrial Countries (total turnover in billion U.S.dollars)

1965	7.1	1975	46.5
1970	13.5	1976	54.3
1971	15.0	1977	56.9
1972	18.8	1978	65.3
1973	26.8	1979	80.0
1974	35.1	1980	91.5

Source: OECD, Paris, Statistics of Foreign Trade, Series A current.

Table 2--Share of the Capitalist Industrial Countries in the CEMA Countries Foreign Trade Turnover (percentages)

CEMA Countries	1960	1970	1975	1977	1978	1979
Total	22.5	23.7	30.0			
Bulgaria	13.1	16.6	17.0	12.6	12.4	15.0
Hungary	23.4	28.4	24.4	33.1	34.8	35.2
GDR	21.1	24.4	25.9	23.7	22.7	26.0
Cuba	69.6	24.5	31.5	20.0	13.8	
Mongolian People's Republic	0.3	0.9	1.1	1.8	1.4	1.2
Poland	29.7	27.1	41.3	37.8	36.2	34.6
Romania	22.3	35.8	36.7			
USSR	19.0	21.3	31.3	29.6	28.0	32.1
CSSR	17.8	22.4	22.4	21.1	20.7	22.1

Compiled from: Statistical Yearbooks of the CEMA member countries, 1975-1979; "East-West Economic Relations. Problems and Opportunities," Moscow 1976 (for 1960 and 1970).

11698

CSO: 2300/96

CEMA EFFORTS IN MINERAL RAW MATERIAL EXPLOITATION CITED

East Berlin AW--DDR-AUSSENWIRTSCHAFT in German Vol 9 No 46, 11 Nov 81 pp 1-2

[Report by Information and Public Relations Department, DGR Ministry for Foreign Trade: "CEMA Countries Intensify Exploration for and Exploitation of Mineral Raw Materials"]

[Text] The increasingly greater economic power of the CEMA nations, in particular the extent of their industrial production, requires the expansion of the base of mineral raw materials, in which the greater efficiency of geological exploration acquires particular importance. For this reason the CEMA Executive Committee took up these problems, among others, at its 101st meeting in October this year and established various practical measures to intensify cooperation. Among them is the development of joint prognoses. These are to aid in finding new ways of cooperation for the long-term solution to the raw material and fuel problem.

One topic of discussion was also cooperation in geological exploration work in the Socialist Republic of Vietnam and in the Mongolian People's Republic.

In the past five-year-plan period the International Geological Expedition made up of interested CEMA nations explored various natural resource projects in the Mongolian People's Republic. At the Executive Committee meeting it was decided to continue this work as well as simultaneously to activate geological exploration in the Socialist Republic of Vietnam.

Requirement for the Rational Utilization of All Raw Material Resources

At present, a large amount of geological exploration is taking place in the CEMA nations. Production has already begun on a number of projects, and the raw material output of the socialist community of nations has increased.

In the period from 1950 to 1980 the production of oil in the CEMA nations increased from 43.8 million to 617.5 million tons, of natural gas from 9.3 billion to 462 billion m³, of coal from 547 million to 1.36 billion tons and of iron ore from 65 million to 248 million tons. The basis for these successes was planned realization of national geological exploration work as well as the discovery of various raw material deposits in the individual nations.

Despite extensive exploitation the reserves of most natural resources increased due to exploration of new areas of deposit. For their long-term use, however, one must consider that these resources cannot be renewed and that the increasingly complicated

exploration and production conditions require greater investment expenditure. Rational utilization of all resources is therefore considered very important.

An important direction for the multilateral cooperation of the CEMA nations for the purpose of expanding the mineral raw material base is cooperation in the scientific and technological field, in which scientific planning as well as prediction, prospecting and evaluation of the most essential resources is given particular importance. A great contribution to the completion of these tasks is provided by the permanent CEMA Commission on Geology. In the past decade it thus conducted research on 16 problems, which include 59 topics. More than 100 methodological developments, 16 types of facilities and equipment and 10 new technological procedures for the CEMA nations have been developed so far. Among others, the geological division of the territories of the CEMA nations and the SFRY was precisely delineated into oil and natural gas regions, and recommendations were scientifically established for main trends in oil, natural gas and coal exploration or production for the period from 1981 to 1985.

Scientists and experts from the CEMA nations worked out new principles, criteria and prediction methods for the exploration of nonferrous metal reserves as well as for nonmetallic minerals.

An important factor in the cooperation is the joint development of highly efficient technology. Thanks to standardized requirements, the CEMA nations concluded an agreement regarding multilateral specialization in the production of drilling equipment for solid deposits as well as for hydrogeological and engineering-geological drillings.

Long-Term Planning for Joint Research

Cooperation in the CEMA nations is increasingly aimed toward achieving constantly greater efficiency in studying prospective deposit sites. Geologists from the People's Republic of Bulgaria, the Hungarian People's Republic, the FRG, the USSR, the CSSR and the SFRY are working on problems of geology and metal production in the Carpathian-Balkan region and in the Caucasus. Within the framework of their extensive activities, tectonic charts, charts of ore formations and other basic material were prepared. This contributed to better planning for the geological research work in the participating nations and led to the discovery of various deposits of nonferrous metals. Furthermore, the scientific foundations were strengthened for additional geological exploration of iron, manganese, chromium, copper, lead, zinc, bauxite, mercury, antimony, magnesite and other deposits. The experience gathered could simultaneously be used in the immediate planning and realization of geological exploration work in the Carpathians and in the Caucasus.

A notable example of fruitful cooperation by the CEMA nations is, among other things, exploration of the mineral resources of the Mongolian People's Republic. More than 500 deposit sites for various natural resources have been discovered in that country's territory. The International Geological Expedition, which conducted studies in northern Kerulen (Mongolian People's Republic), determined deposits of fluorite, tungsten and molybdenum of the polymetals and gold, silver, fluorite, graphite and useful minerals. This year research work also began in the southern Gobi region of the Mongolian People's Republic. Here, the program for 1981 to 1985 calls for complex geological measurements in order to discover various natural reserves within an area of 68,000 km².

Cooperation on the Basis of General Agreements

In January 1979 the People's Republic of Bulgaria, the Hungarian People's Republic, the GDR, Cuba, the Mongolian People's Republic, the USSR and the CSSR signed the agreement for intensified geological exploration from 1981 to 1990 in Cuba, and in 1980 Bulgaria, Hungary, Vietnam, the GDR, the USSR and the CSSR signed a corresponding agreement for the territory of the Socialist Republic of Vietnam. The agreements call for complex geological measurements and prospecting work as well as evaluations of various raw material resources in these countries.

Exploration of Mineral Resources in the Sea

The study of mineral resources in the sea achieved essential economic and international importance: In order to explore these resources and for the development of new, highly efficient technology for the corresponding geological exploration work, the CEMA nations formed the coordination centers Intermoregeo and Intergeoteknika. On this basis they achieved considerable success in studying the geological structure and features of the distribution of mineral reserves in the Black Sea, in the Baltic Sea and in the Atlantic and Pacific Oceans. Fields of metal-containing nodules were discovered, which, in addition to iron and manganese, contain relatively large deposits of nickel, cobalt, molybdenum, vanadium, zinc, zirconium and rare metals. At the same time samples were scientifically evaluated to determine the oil/natural gas content of the western Black Sea coast and inside the borders of the GDR, the People's Republic of Poland and the CSSR as well as in the Baltic Sea.

Increasing Exploration of Energy and Fuel Resources

At present, an important task consists in strengthening cooperation between the CEMA nations for the development of methods to predict and explore energy and fuel reserves and other important kinds of mineral raw materials. The discovery and exploration of new raw material and fuel sources is becoming increasingly labor-intensive and costly. Prospecting for new, large, mineral raw material bases often takes place in regions with difficult access.

An effective instrument in solving the tasks of prediction is the "Region" system for regional prediction of mineral deposits according to available terrestrial and aerospace photographs, which was developed at the International Research Institute for Management Problems. The system, developed on the basis of electronic data processing facilities of the ESER [uniform electronic data processing system] series, has been used in many parts of the Soviet Union, among them eastern Siberia, Kazakhstan and in the Caucasus. The system is intended for use in the programs of scientific and technological cooperation between the CEMA nations and the SFRY in working out prediction methods and in compiling charts for the most ore-bearing and non-ore-bearing natural resources, as well as in compiling metal production charts for the European CEMA nations and for Yugoslavia.

Based on the positive results and knowledge which have been gained, the geological agencies of the CEMA nations are now concentrating on conducting even more thorough geological studies of their territories in the next few years and on discovering new reserves of the most important kinds of natural resources.

11949

CSO: 2300/77

STATUS OF POLISH PARTICIPATION IN FRIENDSHIP GAS PIPELINE NOTED

Warsaw ZYCIE WARSZAWY in Polish 18 Jan 82 p 2

[Text] PAP--According to the estimates of the Ministry of Mining and Energy and the Central Office of Geology, there is no likelihood of a more significant increase in the extraction of natural gas in Poland. We must supplement approximately one-half of the requirement for gas through imports and that situation will also continue in the future. This has resulted in Poland's, as well as the other socialist countries', decision to participate in the construction in the Soviet Union of the "Sojuz" [Friendship] gas pipeline, the largest in the world.

In exchange for constructing the "Polish" section, i.e., the portion of the gas pipeline measuring 596 kilometers in length and the four compressor stations, we received, besides the apportionment of the costs of construction, a "premium" [bonus] in the form of the right to purchase for 20 years, at prices binding in CEMA, of approximately 2.8 billion cubic meters of Soviet natural gas annually, calculating precisely--54.8 billion cubic meters.

The construction of this section cost us approximately 28.4 billion zlotys, while in the apportionment of the costs of the construction we received 435 million rubles. The cost of acquiring the ruble on this construction was, therefore, relatively high, because it amounted to approximately 66 zlotys when it averaged below 40 zlotys per ruble in trade transactions with the USSR in recent years. However, the "premium" in the form of the possibility of obtaining Soviet gas at prices binding in CEMA has to be taken into consideration here.

One can point here to another fact: namely, for us, there is no other source to purchase gas. The deliveries from Algeria or Iran would require tremendous investment outlays, such as the construction of special ships and port installations. In addition, the price of gas on the world market last year amounted to approximately \$175 per 1,000 cubic meters, to which would be added the relatively high costs of transport.

On the other hand, last year we were paying approximately 73.4 rubles for 1,000 cubic meters of Soviet gas. Taking into consideration all the factors in 1981 alone, we saved approximately 12.6 billion zlotys in buying Soviet gas, that means, that is how much more we would have had to pay to buy gas from Holland, for example. This is pure theory, for Dutch gas is fully sold in Western Europe.

This means that during 1 year alone nearly one-half of the costs sustained for the construction of the Polish section of the gas pipeline have returned to us.

The profits in the following years will not be so high because the mechanism for establishing prices in CEMA results in their gradually approaching world prices, but that approximation process is gradual and guarantees us, in a short time, full return of costs sustained and the obtaining then of net savings. This is only one of the examples of the form of economic cooperation which exists in CEMA countries. Its basic characteristic is the balancing of benefits and understanding the needs of the partner.

CSO: 2600/219

LAW ON ECONOMIC DEVELOPMENT DURING EIGHTH FIVE-YEAR PLAN

Sofia RABOTNICHESKO DELO in Bulgarian 12 Dec 81 pp 1, 2

[BTA: "Session of National Assembly Concludes—Important Laws on Country's Social Development Passed—Law on Integrated Plan for Socioeconomic Development of Bulgarian People's Republic during Eighth Five-Year Plan"]

[Text] Article 1. (1) In keeping with the main socioeconomic task of the Eighth Five-Year Plan and the directions to be taken for the further socioeconomic development of the Bulgarian People's Republic, as determined by the Twelfth Congress of the Bulgarian Communist Party, and in fulfillment of the motto, "Everything in the name of man, everything for the good of man," the attention of all offices and organizations is to be centered on the comprehensive satisfaction of the people's constantly growing material, spiritual and social needs.

(2) In order to fulfill the main task, efforts during the Eighth Five-Year Plan shall be directed towards the following:

1. A systematic rise in real income and social consumption funds, an increase of marketable goods and public services at an overtaking rate as compared with the population's disposable income, a broadening and improvement of the material and technical base of the comprehensive social services system;
2. Intensification of the economy everywhere with the efficiency of social production and the quality of output steadily rising by virtue of the accelerated adoption of the highest achievements of modern scientific and technical progress and advanced experience in our country and abroad;
3. Rational use of the country's labor, raw-material, energy, and other physical resources and production capacity; and an increase in the high-science character, and a decrease in the energy-intensiveness, materials-intensiveness, capital-intensiveness and labor-intensiveness of output;
4. A rise in the effectiveness of investments by concentration of capital investment, curtailment of the construction front, and elevation of the technical and economic level of the modernization and reconstruction of existing capacities and new projects;

5. Consistent improvement in the material and technical base and the structure of production by correctly echeloning it so as to achieve maximum multiplication effect;

6. Consistent application of the economic approach and the economic mechanism in all spheres and activities of the national economy;

7. Dynamic development of foreign economic relations: broadening and deepening of integration with other socialist countries, improvement of the export and import structure, and a rise in the efficiency of foreign economic activity;

8. Improvement in the territorial concentration and specialization of production; all-round harmonious development of territorial units and settlement systems;

9. Improvement of socialist social relations; bringing about multifaceted personality development and consistently strengthening the socialist way of life.

Article 2. In keeping with the main directions to be taken in socioeconomic development, in 1985 as compared with 1980:

1. National income should grow by about 20 percent;

2. Proportions in the distribution of national income should improve, with the accumulation fund constituting 25 percent, and the consumption fund 75 percent, of the utilized national income;

3. The growth in national income is to be accomplished intensively, the entire gain thereof being achieved by a rise in the social productivity of labor. The social productivity of labor must increase by at least 25 percent in the national economy, and at overtaking rates in strategic production processes.

Article 3. (1) During the Eighth Five-Year Plan special attention must be paid at all levels of social administration to the accelerated development of science and technical progress and the rapid introduction of modern scientific and technical achievements and Bulgarian and foreign advanced experience.

(2) Priority solutions must be found for the scientific and scientific-and-technical problems and applications tasks that make possible a rise in the level of full mechanization and automation of production, the reduction of manual, physical heavy and uncongenial labor, and the applications of electronics, robotics, chemicals and biology in the national economy, as well as updating of output and improvement of its quality. For this purpose wide-scale study and mastering of major high-efficiency, scientific and technical problems must be assured.

Article 4. Further significant structural changes must be effected in the development of the sectors of the national economy so that in 1985, as compared with 1980:

1. The volume of output of industry, the key sector of the national economic complex, is increased by 28 percent. Output must be increased at overtaking rates in the following industries: the chemical industry by 45 percent, machine building

by about 50 percent, production of electric power and thermal energy by 30 percent, and ferrous metallurgy by about 30 percent. At the same time, a policy of bringing about closer convergence of the rate of development of production in groups "A" and "B" of industry must be pursued, with the output of light industry being increased by at least 25 percent and that of the food industry by about 20 percent;

2. The volume of agricultural output during the Eighth Five-Year Plan increases by 18 percent, with priority development of the production of food and feed grains and growth in the output of animal husbandry;

3. Freight haulage increases by about 15 percent in 1985 as compared with 1980, and passenger carriage by at least 10 percent, with priority going to the development of rail transportation and to a rise in the proportion of transportation activity performed by electric locomotives;

4. The population's telephone stations increase by about 50 percent.

Article 5. (1) Further qualitative changes in the material and technical base of social production must be effected on the basis of the highest achievements of scientific and technical progress.

(2) During the five-year plan capital investment in the amount of 37 billion leva must be made. Fixed assets must grow by 40 percent, with provision made for a rapid increase in the funds for machinery and equipment.

(3) In distributing the funds for investment in physical production individual project by individual project, a constant increase must be provided in the share for modernization and reconstruction of enterprises already in operation.

(4) Ministries, other departments, executive committees of okrug people's councils and of the capital city's people's council and economic organizations must concentrate capital investment on underway projects and speed up the putting of fixed assets into operation so that in 1985 the proportion of unfinished construction will decline to about 80 percent.

Article 6. Integration and scientific and technical cooperation with the fraternal socialist countries must be intensified and broadened, and foreign economic relations with the developed--and especially with the developing--nonsocialist countries must be intensified on a basis of equal rights and mutual advantage. Exports of package projects, production lines and machine systems must be increased at overtaking rates.

Article 7. (1) In keeping with the growth of national income during the Eighth Five-Year Plan, fuller comprehensive satisfaction of the people's material and spiritual needs and further multifaceted development of every member of the socialist society must be achieved.

(2) Growth in 1985 over 1980 must be achieved in the following:

1. Real income per capita, about 15 percent;
2. Social consumption funds, about 17 percent;

3. Retail goods turnover, 21 percent;

4. Volume of domestic services for the population, 50 percent.

(3) On the basis of an increase in the production of consumer goods and in the population's income, per capita consumption of food and nonfood products and satisfaction of needs for durable goods must grow, with a view to gradual approximation of scientific (rational) consumption norms;

(4) During the five-year plan 360,000 housing units must be built;

(5) Public health care must be developed further and its social and economic efficiency raised. For this purpose the number of hospital beds per 10,000 population in 1985 must reach 94, the number of sanatorium beds 23, and the number of physicians and dentists 34.

(6) Problems in the development of kindergartens must be solved in still more comprehensive fashion, with opportunities created for all five-year-old children to be enrolled in them. Accordingly, the enrollment of children from 3 to 6 years of age in all kinds of kindergartens shall reach 90 percent in 1985.

(7) Further building up of the underdeveloped system of spiritual life must continue and its role in the development of society upgraded. For the purpose:

1. Artistic culture must be strengthened as a fundamental factor in the development of man and society and in the formation of a multifaceted developed personality;

2. The new integrated secondary polytechnical school and the new type of tekhniums must gradually be set up, and higher education must be reorganized as well. The reorganization of education must bring about development of the creative endowments of the personality, the forming of principled communist conviction, high general culture and vocational training;

3. The dedication to ideal and the professional and creative, organizational and technical level of mass information media must continue to rise in all aspects, and their role in the creation and propagation of spiritual values, in mass political influence and in the interpretation of the basic problems connected with the building of mature socialism must increase.

(8) By the end of the Eighth Five-Year Plan:

1. There must be approximately 32 seats per 10,000 population in theaters and opera houses;

2. The number of persons graduating from various kinds and levels of educational institutions must reach the following figures: university graduates, about 13,000; college graduates, about 4000; secondary special education, about 23,000; secondary vocational and technical education (including the third level of ESPU [edino sredno politekhnicheskoe uchilishte; integrated secondary polytechnical school]), about 73,000, while the number of classrooms in schools must reach at least 43,000;

3. The quality of television broadcasts must be improved; 90 percent of the country's territory must be covered by the first program and 75 percent by the second program; color programs' share of total television programming must grow to 85 percent.

(9) Concern over the further social development of workers and employees and over the expansion of youth activities must increase significantly. Accordingly, during the Eighth Five-Year Plan the following must be effected:

1. Timely training of new qualified workers at vocational training centers, in courses and schools; and constant refresher training for specialists and skilled workers;

2. An increase in the relative share of personnel employed under conditions meeting the standards and requirements for safe and hygienic labor; a reduction in the relative share of workers employed at manual, physical hard and uncongenial labor;

3. Provision of workplaces to give jobs to graduating young specialists and skilled workers under the age of 30;

4. Improvement of public catering and an increase in the proportion of manual and office workers, schoolchildren and students covered thereby to about 65 percent;

5. Opening of trade facilities, personal-services establishments and auxiliary farms at enterprises so as to improve commercial and personal services for workers and employees.

(10) Measures must be taken for further protection and restoration of the natural environment so as to eliminate or minimize air and soil pollution and harm to flora and fauna. The policy of increasing the economic and ecological effectiveness of environmental-protection and restoration measures must be implemented. Resources must be channeled into the cleanup of the Iskur, Maritsa, Struma, Tundzha, Yantra, Osum and other river valleys, while at large industrial centers funds must be concentrated on clean-air measures, with attention paid especially to the air basins over Kremikovtsi, Devnya, Srednogie, Pernik etc.

(11) Measures must be carried out for the further improvement of traffic organization, safety and standard, for the restriction and reduction of accidents and the consequences thereof and for an increase in the operational speeds and efficiency of the transportation process. Automated systems and other technical means of traffic control, regulation and monitoring on roads and in cities and villages must introduced at an accelerated rate. Training and testing of the population in traffic safety must be expanded.

(12) The consumer demand of the population must be more fully satisfied:

1. Economic organizations, the object of whose activity is the production of consumer goods, must effect a continuous improvement of the assortment and a rise in their quality in conformity with consumer demand;

2. Ministries, other departments and economic organizations, the object of whose activity is not the production of consumer goods, must arrange for the concomitant production in their systems of goods necessary for the market, making the most efficient utilization of material resources and manufacturing wastes;

3. The National Agroindustrial Union and the executive committees of okrug people's councils and agroindustrial complexes must achieve the fullest utilization of land and more complete self-sufficiency of the settlement systems in agricultural products.

Article 8. (1) During the Eighth Five-Year Plan harmonious territorial development must be accomplished which will bring about a closer convergence in the level of socioeconomic development of territorial units and the development of the settlement systems on the basis of fuller utilization of the economic potential of individual territories of the country, with closer convergence achieved in the degree of employment resources and in per capita income of the population, and which will also achieve a closer convergence in the development of the social infrastructure (housing units, schools, children's institutions etc.); marketable goods must be distributed on a normative basis and closer convergence of consumption norms must be achieved; the development of the smaller settlement systems must be effected at an overtaking rate.

(2) The intensive development of the economy of the capital and the harmonious building up of Sofia, especially the construction of projects of nationwide significance, must be a constant task of all ministries, other departments, state, economic and social offices and organizations in the country.

Article 9. The Council of Ministers shall translate into concrete terms the integrated plan for the socioeconomic development of the Bulgarian People's Republic during the Eighth Five-Year Plan in sectorial and territorial cross-section and shall apportion it year by year.

Article 10. Ministries, other departments, executive committees of okrug people's councils and of capital city's people's council, and economic organizations shall, on the basis of consistent application of the economic approach and the economic mechanism and the brigade organization of labor, create all the necessary conditions (and preconditions) for fulfillment and overfulfillment of the state planned tasks resulting from this law and shall effect exemplary socialist organization of labor, rhythmic production and time sale of output, and the most efficient use of material, labor and financial resources and production capacities.

Article 11. [The National Assembly] recommends to the National Council of the Fatherland Front, the Central Council of Bulgarian Trade Unions, the Central Committee of the Dimitrov Communist Youth Union, the Central Council of Scientific and Technical Unions and the governing bodies of other public organizations and movements that they render active assistance to state and public economic bodies and organizations in the extensive launching of nationwide socialist competition, in the intensification of production everywhere, in the discovery of potential reserves for raising the social productivity of labor and the quality of output, and in the accelerated introduction into production of scientific and technical

achievements and advanced experience so as to achieve the fulfillment and overfulfillment of the tasks resulting from the integrated plan for the country's socioeconomic development during the Eighth Five-Year Plan.

Final Edicts

Paragraph 1. The Council of Ministers shall effect during the Eighth Five-Year Plan the construction of the projects additionally suggested by the Permanent Commission on Socioeconomic Development and the Legislative Commission of the National Assembly.

Paragraph 2. The execution of this law is entrusted to the chairman of the Council of Ministers.

6474

CSO: 2200/45

BULGARIA

LAW ON ECONOMIC DEVELOPMENT IN 1982

Sofia RABOTNICHESKO DELO in Bulgarian 12 Dec 81 p 3

[BTA: "Fourth Session of Eighth National Assembly—Law on Integrated Plan for Socioeconomic Development of Bulgarian People's Republic in 1982"]

[Text] Article 1. The National Assembly, in conformity with the Law on the Integrated Plan for the Socioeconomic Development of the Bulgarian People's Republic during the Eighth Five-Year Plan and bearing in mind the progress made in 1981, approves the following basic indices for the socioeconomic development of the Bulgarian People's Republic in 1982:

1. The following indices are to increase in 1982 over 1981 as indicated:

- a) national income, by 3.6 percent;
- b) social productivity of labor, by 3.5 percent;
- c) profit for the national economy as a whole, by 7.5 percent;
- d) volume of output of planned industry in comparable prices, by 4.5 percent;
- e) volume of output of agriculture in comparable prices, by 2.2 percent;

2. Accelerated introduction of scientific and technical achievements and of Bulgarian and foreign experience shall be effected, with about 180 of the scientific and technical problems observed at the national level being studied and mastered in 1982;

3. The volume of capital investment shall amount to 7,215,000,000 leva;

4. Foreign trade in 1982 shall increase by 4 percent over 1981.

Article 2. (1) For comprehensive satisfaction of the people's constantly growing material, spiritual and social needs, the following indices shall increase in 1982 over 1981 as indicated:

- 1. Real per capita income of the population, by 3.0 percent;
- 2. Social consumption funds, by 3.5 percent;
- 3. Volume of retail goods turnover, by 3.8 percent;

4. Volume of domestic services, by 8.4 percent;

(2) In 1982 72,600 new housing units shall be built.

Article 3. (1) The Council of Ministers shall organize the fulfillment of the basic indices of the country's socioeconomic development in 1982.

(2) The Council of Ministers shall include in the list of projects to be built in 1982 the projects proposed by the permanent commissions and people's representatives during discussion of the plan and accepted as urgent by the Socioeconomic Development Commission and the Legislation Commission of the National Assembly.

(3) Ministries, other departments, executive committees of okrug people's councils and economic organizations shall create the necessary conditions for fulfillment and overfulfillment of state planned tasks, giving special attention to the following: systematic and comprehensive application of the new economic approach and the economic mechanism for the purpose of everywhere intensifying and raising the efficiency of social production and the quality of output; creation of exemplary socialist organization of labor; strengthening of planning and contract discipline and guaranteeing of a rhythmic pace in the realization of planned tasks; increase in the high-science character, and decrease in the energy-intensiveness, materials-intensiveness, capital-intensiveness and labor-intensiveness of output; and growth in the production of goods and services for ever fuller satisfaction of the needs of the population of the settlement systems.

Article 4. [The National Assembly] recommends to the National Council of the Fatherland Front, the Central Council of Bulgarian Trade Unions, the Central Committee of the Dimitrov Communist Youth Union, the Central Council of Scientific and Technical Unions and the governing bodies of other organized societies and movements that they assist state and economic agencies and organizations in wide-scale launching of nationwide socialist competition, in the systematic discovery of potential reserves, and in the successful fulfillment and overfulfillment in 1982 of tasks resulting from the Integrated Plan for Socioeconomic Development of the Bulgarian People's Republic during the Eighth Five-Year Plan.

Final Edict

One paragraph only. Execution of this law is entrusted to the chairman of the Council of Ministers.

6474

CSO: 2200/45

BUDGET LAW FOR 1982

Sofia RABOTNICHESKO DELO in Bulgarian 12 Dec 81 p 3

[BTA: "Fourth Session of Eighth National Assembly--Law on State Budget of Bulgarian People's Republic for 1982"; correction in RABOTNICHESKO DELO, 15 December 1981, p 2, incorporated]

[Text] Section I. State Budget of Bulgarian People's Republic for 1982

Article 1. [The National Assembly] approves the state budget of the Bulgarian People's Republic, as follows:

1. Revenues in the amount of 15,824,500,000 leva;
2. Expenditures in the amount of 15,809,500,000 leva;
3. Excess of revenues over expenditures 15.0 million leva;

Article 2. In the revenue portion of the state budget, establishes payments from profits and other receipts from the socialist economy in the total amount of 10,611,500,000 leva.

Article 3. In the expenditure portion of the state budget, establishes expenditures in addition to the sums which the economic ministries and other departments provide for this purpose from their own resources, in the following amounts:

1. For financing of the national economy 7,811,700,000 leva;
2. For the support of sociocultural measures (education, science, culture, health care and social security) 5,586,700,000, including 2,717,000,000 leva in the budgets of state social security and the Council for Mutual Insurance of Members of Labor Productive Cooperatives;
3. For the maintenance of agencies of state authority, state administration, courts and public prosecutor's office 299,500,000 leva;

Article 4. Approves the republic budget for 1982, including mutual relations with the budgets of the people's councils, the budget of state social security and the

budget of the Council for Mutual Insurance of Members of Labor Productive Cooperatives, as follows:

1. Revenues in the amount of 11,602,800,000 leva;
2. Expenditures in the amount of 11,587,800,000 leva;
3. Excess of revenues over expenditures 15,000,000 leva;

Article 5. Approves the combined budgets of the people's councils, broken down by okrugs, as follows:

OKRUGS	Revenues and expenditures in the amount of (in 000,000 leva)
1. Blagoevgrad	108.4
2. Burgas	150.3
3. Varna	165.8
4. Veliko Turnovo	115.9
5. Vidin	61.6
6. Vratsa	91.1
7. Gabrovo	76.0
8. Kurdzhali	95.6
9. Kyustendil	74.7
10. Lovech	73.1
11. Mikhaylovgrad	71.8
12. Pazardzhik	98.2
13. Pernik	67.0
14. Pleven	97.2
15. Plovdiv	200.0
16. Razgrad	71.2
17. Ruse	95.0
18. Silistra	62.8
19. Sliven	96.0
20. Smolyan	82.5
21. SNS [Sofia People's Council]	546.8
22. Sofia-Okrug	109.7
23. Stara Zagora	135.7
24. Tolbukhin	88.6
25. Turgovishte	70.3
26. Khaskovo	102.6
27. Shumen	87.6
28. Yambol	75.6
Total	3,171.1

Section II. Report on Fulfillment of 1980 State Budget of Bulgarian People's Republic

Article 6. (1) Approves the report on fulfillment of the 1980 State Budget of the Bulgarian People's Republic, as follows:

1. Revenues in the amount of	13,308,700,000 leva
including revenues from the national economy	8,272,300,000 leva
2. Expenditures in the amount of	13,220,600,000 leva
including:	
a) Expenditures for the national economy	6,237,000,000 leva
b) Expenditures for education, science, culture, public health and social security; which include funds for the budgets for State social insurance and for the Council for mutual insurance of members of producers' cooperatives	5,036,400,000 leva
c) Expenditures for maintenance of agencies of state authority, state administration, courts and public prosecutor's office	2,395,900,000 leva
	287,300,000 leva

(2) Approves the report on fulfillment of the 1980 republic budget, as follows:

1. Revenues in the amount of	8,140,600,000 leva
2. Expenditures in the amount of	8,104,300,000 leva
3. Excess of revenues over expenditures	36,300,000 leva

(3) Approves the reports on fulfillment of the combined budgets of people's councils, broken down by okrugs, as follows:

OKRUGS	In 000,000 leva	
	Revenues	Expenditures
1. Blagoevgrad	104.0	102.9
2. Burgas	134.9	133.6
3. Varna	161.1	158.2
4. Veliko Turnovo	115.8	114.5
5. Vidin	51.0	49.9
6. Vratsa	86.1	85.0
7. Gabrovo	76.3	75.2
8. Kurdzhali	82.8	81.8
9. Kyustendil	75.0	70.9
10. Lovech	71.3	70.5

[Continued on next page]

Continued

OKRUGS	In 000,000 leva	
	Revenues	Expenditures
11. Mikhaylovgrad	69.0	69.1
12. Pazardzhik	88.8	87.9
13. Pernik	64.1	63.4
14. Pleven	93.2	89.8
15. Plovdiv	202.3	200.3
16. Razgrad	72.2	70.9
17. Ruse	100.1	96.2
18. Silistra	59.0	58.1
19. Sliven	90.3	89.2
20. Smolyan	84.5	82.9
21. SNS	592.6	581.7
22. Sofia-Okrug	110.3	109.1
23. Stara Zagora	126.1	124.2
24. Tolbukhin	84.5	83.6
25. Turgovishte	53.1	52.3
26. Khaskovo	96.1	95.3
27. Shumen	86.9	85.9
28. Yambol	67.6	67.1
Total	3,099.0	3,048.5

Supplementary and Final Edicts

Paragraph 1. The Council of Ministers shall allocate the republic budget by ministries and other departments and may, if necessary, make changes in the combined budgets of people's councils by okrugs.

Paragraph 2. Execution of the law is entrusted to the chairman of the Council of Ministers.

6474

CSO: 2200/45

EDITORIAL SUMMARIZES GOALS OF SEVENTH FIVE-YEAR PLAN

Prague RUDE PRAVO in Czech 18 Dec 81 p 1

[Editorial: "Goals of the Seventh Five-Year Plan"]

[Text] At their joint meeting, the chambers of the Federal Assembly discussed and adopted two significant documents--the law on the Seventh Five-Year Plan and the state budget for 1982. Both documents present specifications of the program of our party's 16th Congress and of the economic and social policies in the current stage of development of our socialist society.

Significant changes of external conditions occurring during 1981 call for a revision of the proposal for economic and social development in the 1981-1985 period. For that reason, the specification of the Seventh Five-Year Plan will not be completed until the second quarter of 1982. However, its essential main goals and tasks determining the framework for the law of the Seventh Five-Year Plan are already apparent.

Even under substantially more difficult external and domestic economic conditions, the pivotal goal for the Seventh Five-Year Plan which stems from the economic and social policies of the CPCZ aims at maintaining and improving the quality of the already achieved high living standard of our population and at its social security in accordance with the results to be achieved in our national economic development.

Main tasks for the fulfillment of the above-mentioned goal and for the consolidation of our socialist state are set. First of all, during the Seventh Five-Year Plan conditions must be created for a gradual growth of the rate of social production and for a dynamic balance by enforcing substantive intensification of our economy, efficiency and quality of all labor, by appropriate structural changes, by most rigorous conservation of energy, raw materials and materials, and by the most rational application of the achievements of scientific and technological progress.

The law stipulates that conditions be created for a 2 to 2.6 percent annual increase of our national revenue and that its increase be covered approximately 90 to 95 percent by an increment of the social productivity of labor; here the growth of the produced national revenue must outdistance its expenditures.

When creating and using social products and national revenue, we must advance far more conspicuously the growth of exports before imports, cut spending of funds for consumption in production, particularly as concerns imported raw materials, materials and goods. The improved quality of our population's social and personal consumption

depends directly on the creation of resources, which means restricted use of funds for new investments as well as a lower share of capital accumulation in produced national revenue as compared with past years.

An important stipulation of the law on the Seventh Five-Year Plan demands that our participation in the international division of labor, primarily with the USSR, be dynamically stepped up. It is of supreme urgency to benefit more efficiently from socialist economic integration, specialization, cooperation and scientific technical collaboration so as to upgrade the technical standards of our production, to improve labor productivity, to expand mass production, to render our production more efficient, and to reduce its consumption of energy and materials.

An especially important stipulation calls for higher export outputs in the Czechoslovak economy, for lower demands for imports, and for flexible adaptations of our production and foreign trade to the demands in world markets in order to enable our foreign trade to increase its exchange of goods by 30 to 36 percent in foreign prices.

To achieve the above objectives, it is imperative to deal continuously with crucial problems of our unified economy and to orient its development in that direction, while the economy in the SSR will advance more rapidly so as to increase the share of the SSR in the creation of statewide resources. For such a development, natural and economic resources must be used to better advantage, particularly the technical production base and the increments of the population able to work. It is, therefore, necessary to systematically upgrade the efficiency of national economic management and planning and to react on all levels decisively to the changing objective conditions and requirements. For this purpose, measures aimed at improving the planned management system of our national economy must be applied consistently and developed further.

The law on the state plan for national economic development prior to 1985 outlines the main directions for the development, however, the numerical data presented therein indicate how exorbitantly demanding will be the requirements for this period. For instance, at least 2 percent must be conserved in fuels and energy, a 5 percent saving in metal in the production must be made and investments will be limited to a maximum of Kcs 135-150 billion annually. The law stipulates that during the Seventh Five-Year Plan the total volume of industrial production is to increase 14 to 18 percent, of which 10 to 14 percent in the CSR and 18 to 23 percent in the SSR, which is feasible because of the existing capacities and potential.

The state budgets--the federal budget and the budgets of the national republics--must fully support the goals and programs for our national economic development in the Seventh Five-Year Plan. Financial economic programs help the budgets achieve a real impact on the fulfillment of the stipulated goals and the most efficient economy possible.

The 1982 state budget fully conforms to the above-mentioned principles, however, it will be far more difficult than ever before to balance it because it is based on considerably higher mobilization of our domestic resources than in recent years as well as on a more restricted growth of investment outlays and on reduced noninvestment expenditures.

Revenue and expenditures cannot be balanced without substantially increased economic efficiency. All factors of our economic development, particularly the intensive factors, must be employed more efficiently, which means that we must produce more goods from a given amount of raw materials, fuels, energy and materials than in the past, that all inputs must be utilized to greater advantage, that fixed assets must bring higher returns, and that labor must become more productive. All initiative and socialist competition of labor must be channeled in that direction and focused on implementation of programs for comprehensive socialist rationalization and on innovation and improvement movements, or in simple terms--on concerted efforts of our whole society.

The changed requirements of our economic development are reflected in the contents of the law on the Seventh Five-Year Plan as well as in the preconditions for the state budget. Without any doubt, they are far more complex but at the same time we must realize that ample unused assets exist for exploitation of the potential for the growth of efficiency, and that there are opportunities to react more flexibly to the rapidly changing situation in both the world economy and that of our country. It depends on the frequently tested skills, initiative and abilities of workers on every level of management and on their courage to make correct decisions, to base the decisions they adopt on reliable economic calculations, and to adopt solutions advantageous for our entire society.

The strategy aiming at higher efficiency and the transition to an intensified development of our entire national economy call for the achievement of a dramatic turn in sectors vital for an overall growth of efficiency in enterprises and in all of our national economy where thus far the results have not been totally satisfactory. In other words, we must focus on lower consumption of materials and power in production, based on consistently implemented structural and technical development, which should jointly provide a sounder basis for more lucrative foreign economic relations.

In the given situation, the outlined directions and goals of our economic and social development are the most advantageous, however, actual results alone will determine the extent of consolidation and improvement of the already achieved living standard. It applies today more than ever before that our living standard cannot be higher than the fruits of our labor; this axiom is valid for our entire society and for every one of its members.

A great deal of honest work is needed to fulfill the decisions of the 16th CPCZ Congress. The more conscientious the approach to the fulfillment of our assigned tasks, the better hope it gives for the further development of our whole socialist society.

9004

CS0: 2400/85

EMPLOYMENT CONTROLS IN SEVENTH FIVE-YEAR PLAN DISCUSSED

Prague *PLANOVANE HOSPODARSTVI* in Czech No 11, 81 p 50-59

[Article by Dr Karel Formanek, State Planning Commission; passages within slantlines in boldface]

[Text] The Unified System of Employment Control and Work Force Allocation for the Seventh Five Year Plan (see CSSR Government Resolution No 189 of 9 July 1981) elaborates the principles approved by the Set of Measures for Improving the Planned Management System of the National Economy after 1980 in the area of planning for the replacement, allocation and utilization of labor resources. It is based on the current requirements for the development of the Czechoslovak national economy, and its fundamental goal is the assurance of the full and rational utilization of the work force and its efficient allocation, given the developmental focus on the maximum possible increase in the social productivity of labor. This increase is conditioned by the utilization of all factors which influence it, and by the formation of preconditions in other areas of the planned management system of the national economy as well, particularly by means of conscientious management and the application of the findings of scientific-technical progress, the replacement of capital assets, the development of *khozraschet*, of enterprise and personal material incentives, as well as the nonmaterial stimulation of the efficiency and quality of all types of work. Organizations, their supervisory organs and regional and district national committees will proceed according to this approved unified employment control system.

Increases in the number of people of productive age is a critical source of employment increases in the national economy. For the Seventh Five-Year Plan, demographic development indicates that this increase will be substantially less than during previous five-year plans, the lowest, in fact, that we have ever had. The situation is complicated as well by the territorial imbalance of these increases. On the territory of the CSR, these increases will be truly minimal, one may say zero, and in certain regions there will even be declines.

Under these conditions, the significance of a planned approach and of rigorousness in the management of labor force replacement at all levels increases, and it becomes essential that the labor force be conscientiously allocated, that an ongoing coordination of the replacement of capital assets and the work force be assured, as well as the training, professional preparation and efficient utilization of the work force. The implementation of these measures will require the achievement of a fundamental turnaround in the smooth integration of technical development into production, an increase in the utilization of the existing machinery stock, especially of modern units with high performance parameters, an improvement in the organization of work and work procedures, the initiation of a broad application of the automation and mechanization of work, of new procedures for work rationalization, and the economical utilization of work force, equipment and materials to assure the requisite product quality.

The planned allocation of the work force is administered through the employment control system which was introduced in 1971. Its main objective has been to strengthen the planned allocation of the work force and to improve its utilization. The fundamental principle of the system is to assure a balance between needs for employees and the existing resources, not only on a nationwide scale, but also in specific areas (krays). This fundamental principle remained valid even in the Sixth Five-Year Plan, when minor modifications were made in the control system; its importance is increasing, especially under conditions of declining new sources of labor, and it will remain in force for the Seventh Five-Year Plan as well. The system directs the activity of organizations, and is based above all on the regulation by the plan of the development of employment, and on the planned placement of new employees and control of labor force movement by national committees.

The Set of Measures for Improving the Planned Management System of the National Economy After 1980 is based on the need for an economical utilization of the labor force. Of the critical conditions of the replacement process on which we must presently focus our attention, the Set of Measures emphasizes the replacement, allocation, and utilization of the labor force, in addition to the planned development and application of science and technology in the national economy, and the replacement of capital assets. It accords first importance to an increase in the long-range character of resource balances and labor force distribution to a period of two five-year plans, as a precondition for closer coordination between capital asset replacement and the replacement and training of the labor force. This is necessary because of the need to assure, with sufficient lead time, the foundations for decision making concerning the possibilities for capital investment, and for the assurance of a work force for facilities which are constructed, not only at the level of the center, but also from the viewpoint of the territorial location of labor force resources in regions and zones. This lead time is essential with regard to the schedules needed for the preparation and implementation of capital investment.

Similarly, planning for the training of employees also requires lead time in the allocation of the labor force to branches and sectors, so that it is possible, in conjunction with planned capital investment, new technical equipment at facilities, and new technological and work procedures, to plan in a timely manner the requisite qualification structure and the appropriate number of students to be admitted into training and educational fields. The Set of Measures has mandated the establish-

ment of numbers of employees in five-year plans in terms of absolute limits (under no circumstances in terms of increases in employees), effectively encourages the underfulfillment of these limits in annual plans and, on the contrary, imposes penalties for exceeding these limits.

/The objective of the planning of entire employee situations is to place more emphasis on the improved management of all human resources, and not to aim solely at increasing employment, as has been the case many times in the past. This new method of planning must be evident especially in greater responsibility for the improved utilization of existing employees in terms both of their numbers and qualifications, assignments, the organization of work, and the creation of all necessary conditions for the permanence of labor relations and the achievement of employment development in accordance with the five-year plan. Effective incentives will be directed not only toward the economical utilization of the work force, but also toward savings in the number of employees in comparison with planned limits./

The Set of Measures also mandates the creation of an integrated system of national economic and social priorities. Its objective is to establish a hierarchy, in terms of importance, of branches, fields, organizations, and, at times, projects for which the priority assurance of labor resources is essential through the breakdown of the employee plan, the recruitment of young people, apprentices, school graduates, by transfers of employees from liquidated operations, through wage differentials, recruitment bonuses and material assurances for employees transferring to priority projects, housing construction, its financing, and other advantages. It is assumed that priority status will be assigned to selected organizations engaged in coal mining, selected binding tasks in capital investment, the most pressing projects concerned with increasing shift work, structural alterations, and the like. In the interest of strengthening the efficiency of priority projects, it will be necessary to restrict their scope to the narrowest possible range of selected organizations and projects, to establish them for an entire five-year plan within a framework of resources limited by the five-year plan, make them very specific, and supplement them in annual plans in those exceptional and most urgent instances when there might arise an exceptionally unfavorable situation in the assurance of labor resources.

The Set of Measures establishes for investors the responsibility for submitting to their supervisory organ and to the appropriate agency of territorial planning a concrete program for the assurance of a work force for facilities which are being constructed, including a program for qualification preparation, the assurance of housing and special services. This responsibility had been established for them as early as the Sixth Five-Year Plan. The investor, and on occasion his supervisory agency, must demonstrate prior to the inclusion of the construction project in the plan, and at all stages of the formulation and approval of the project documentation and licensing procedures for an investment project, how many employees will be procured for the new facility:

--through transfers from liquidated operations;

--through transfers from existing facilities where it will be possible to conserve labor resources by means of rationalization measures, so that it will not be necessary to replace employees at existing workplaces;

--from national committee resources, on the basis of vouchers from a regional national committee.

The conditions for including construction projects in the capital investment plan were tightened in the final years of the Sixth Five-Year Plan, particularly in the sense that the necessity for new construction must be demonstrated in relation to the utilization of existing facilities and capital assets, and in relation to the amount of shift work not only at the investor's operation, but also in the sector and branch. The startup of production-related construction projects may not be permitted if shift work at the location of construction or in the organization of the investor is less than 1.5, assuming minimal staffing of the main shift at 90 percent. The responsibility of the investor for assuring qualificalational preparation for employees of newly constructed facilities, as well as other conditions such as transportation to work, housing, and the like, were likewise established during the Sixth Five-Year Plan and are now being further intensified.

/For the Seventh Five-Year Plan, conditions for the assurance of a labor force for constructed facilities and the consistent coordination of capital asset replacement with the replacement of the labor force have been tightened further. In the Set of Measures, it is mandated that, in planning and preparation for the replacement and concentration of productive capital assets, account be taken of the principle of greater shift utilization of modern and costly facilities, as well as at facilities with target programs, at the same time that inefficient facilities are to be liquidated.

/The Set of Measures mandates the establishment of numbers of students and pupils to be accepted for specific fields of study in accordance with social needs, and their regulation in such a way that their numbers will increase in fields where there are shortages and decrease for fields where there is an excess. Specific tasks will be designated in the economic plans of organizations for fields of study in which there is a shortage of students./

The supplementary requirement for employees for the seventh and eighth five-year plans will be assured, for practical purposes, solely with the graduates of schools and apprenticeship programs. This requires greater coordination between the sources and the demands for labor in terms of its professional, qualificalational and territorial structure. To assure these requirements, maximum limits on increases in the number of employees have been established for individual sectors in accordance with CSSR Government Resolution No 53/1979 concerning the future approach to the preparation of the Seventh Five-Year Plan and prospects for the development of the national economy through 1990, on the basis of which sectors have formulated the development of a structure of qualifications and the coverage of supplementary requirements for employees, including demands for graduates of specific types of schools aggregated according to groups of subjects, and requirements for accepting young people for preparation for the profession of a worker. Specific tasks related to subject areas where there are shortages have been designated in the economic plans of organizations, so that an adequate number of apprentices can be assured for them and the importing of certain professions which are in short supply restricted.

In both the plan for skilled workers and the system of professional preparation, it will be necessary to take into account changes in the structure and technical

sophistication of the national economy and link the five-year plan for the preparation of skilled workers especially to the long-range prospects for sources of 14-year old youths in relation to the replacement of all categories of skilled workers, but also to the basic directions of the prospective possibilities for the needs and replacement of the work force from the viewpoint of the needed levels of education, and to the numbers of experts in critical branches with college and high school educations. The necessity for closer ties between the long-range outlook and the five-year plan for the preparation of skilled workers is also evident from the fact that a skilled labor force will be active in the production process for an additional 30 to 40 years.

/It will also be necessary to assure closer ties between prospective plans of the needs for skilled workers and the plan for labor force replacement, and with additional segments of national economic plans, in particular with state target programs, plans for technical development, and for the replacement of capital assets. They must, therefore, be linked to the projected development of the machinery stock and production technology, and be based on the structure of skills and professional requirements for the employees who will be assuring more complex and difficult production tasks with new technologies./

Work rationalization has an important share in the increase in social productivity. To assure its proper utilization, it is assumed that there will be, above all, an intensification of long-range and short-term planning for objectives, tasks and the contribution of work rationalization in organizations, fields and branches. For this purpose, supporting data will be formulated according to unified methodological guidelines for the development of five-year plan proposals, in order to verify the possibilities for an increase in labor productivity. Industrial and construction organizations will integrate into their plan proposals planned measures for the rationalization and standardization of work aimed at conserving workers, and evaluate their effectiveness.

In addition, it would make sense, on the basis of findings of research and in practice, to improve and expand the normative base in enterprises and organizations, as a precondition for an increase in the efficiency of operative management, planning, compensation and the development of worker initiatives, to utilize more effectively the system of enterprise, internal enterprise, and personal material incentives to conserve labor, and to foster the development of rationalization and the application of objective standards of labor consumption.

The system of material incentives and, within this, particularly the stimulative effects of wages are also to contribute to the implementation of the Set of Measures in the above directions. One of its main objectives is effectively to influence efficient labor management, to increase the overall efficiency of conservation of raw materials, inputs, and energy, and to utilize production equipment. The system of wage controls in the economic sphere is focused on this objective.

/--In contrast to the Sixth Five-Year Plan, when wage resources were allocated in the state plan to sectors for their economic organizations in the form of two shares, namely, wages and other individual outlays tied to revenues and a bonus fund tied to profits, in the Seventh Five-Year Plan they will be allocated in only one part, namely, in the form of their share of adjusted value added. At the same time, per-

centages will be established for individual years and will be in force throughout the five-year plan. If organizations, economic production units, or central agencies, in their proposed annual implementation plans, increase outputs in comparison with the five-year plan in the requisite structure, and thereby also their adjusted values added, then their planned wage resources will be increased for them in direct proportion, and vice versa. Similarly, the planned wage resources will remain fully at their disposal should they propose a lower number of employees than established by the five-year plan for the year in question. If a more ambitious task is undertaken in the growth of the social productivity of labor through reductions in the work force or through higher outputs or a higher return on production assets, then this will make possible a more rapid increase in average wages in the implementational plan.

/--For budgetary and contributory organizations, absolute limits on overall wages payable in individual years will be established for central agencies, and a reduction in the number of employees in a proposal for an implementational plan, in comparison with the five-year plan limits, will likewise result in a more rapid increase in average wages, since the volume of wages payable remains at its original level./

Incentives to reduce the work force are also provided in the course of plan fulfillment. However, they will not be as intensive as those for reductions already incorporated into a plan proposal, because organizations and economic production units will retain only a portion of the wages payable corresponding to the reduction in employees. The portion of the reduction left with organizations or economic production units is differentiated from the viewpoint of priorities.

One of the main measures in the system of planned management of the national economy in the Seventh Five-Year Plan will be the system for unified employment control and work force allocation. Its basic objective is to assure the full and efficient utilization of labor force resources and their rational placement consistent with the improved utilization of the work force and the assurance of the maximum possible increase in the social productivity of labor. /At a time when the available labor resources for increased employment will be less than half of those available in the Sixth Five-Year Plan, it is necessary more than ever before to create the conditions for their economical utilization, particularly in the areas of technical development, replacement of capital assets and capital investment, by means of the development of enterprise khozraschet and personal material incentives as well as nonmaterial incentives for efficiency and quality of production and improved labor utilization./

This regulatory system governs the development of employment in the national economy, in its branches and organizations, and labor force management on the basis of the state plan, as well as in accordance with societywide interests and with the extent and territorial location of labor force resources.

This regulatory system presumes the establishment of binding limits, which may not be exceeded, on the numbers of employees in a five-year plan by individual years, and in the annual implementation plans. The exceeding of these limits will be effectively penalized. The fundamental principle of the control system is the achievement of a balance between the requirements of organizations for labor and the supply of labor in given areas. For this purpose, employee limits for individual economic production units and organizations will be negotiated by organs

of the central element of management with the regional national committees, and the numbers confirmed by the regional national committees will be binding even in those instances when the planned number of employees is not achieved. This serves to emphasize the link between possibilities for increasing employment and the actual labor force resources in a given area and, last but not least, the responsibility to enforce in all respects an increase in its efficient utilization.

The negotiation and evaluation of limits on employees will be conducted for the organizations of the same economic production unit in a district. In the interest of greater system flexibility, ranges are being introduced, within the framework of which it will be possible to exceed the agreed upon limit on numbers of employees in certain districts, if the limits are not reached in other districts. It is assumed that this measure will, on the one hand, make it possible to compensate for earlier exceptions and, on the other hand, that it will anticipate changes in the plan and request more alterations in the limits at the end of the year. The limited power to make judgments concerning the numbers of employees for an entire region will remain the province only of organizations for which such an evaluation is justified by virtue of the nature of their activity, i.e., for construction and assembly organizations, for geological research organizations, and for the railroad.

The state plan and measures for labor force recruitment will assign priority to the assurance of a work force for priority branches, organizations and projects. In support of this recruitment, measures will also be taken in the area of the placement of adolescents and school graduates, in the financial and material assurance of apprentices and students, in wage relationships and incentives, in the allocation and financing of apartments from stabilization construction projects, in modifications to the release, location, and material assurance of employees changing over to priority positions, in addition to other measures in the area of social planning, recreation, the placement of children in preschool facilities, and the like. All of these measures will be aggregated into a composite, unified system, the principles of which will be presented for government approval.

/The regulatory system is an attempt to moderate gradually the tension between the sources of labor and the excess supply of work possibilities. Preference is given to investment projects with a greater degree of replacement of labor with technology, and to those which entail an absolute reduction in the labor force, which implies above all those concerned with progressive modernization. The intention of the employment-control system is that the startup of construction on new, and the expansion of older facilities be permitted only to an extent which corresponds to the efficient utilization of existing and newly constructed facilities and to the actual labor force resources in a given territory. It should be a question solely of an amount of investment which will allow the utilization of existing and newly constructed industrial facilities basically in full, two-shift operation, and which will result in a level of labor productivity in the existing facilities which corresponds to progressive technical-economic parameters. The low supply of labor requires that the construction of new operations in the processing industry be permitted only in exceptional cases and that the demand for labor, in principle, be met by reductions in other production facilities and by the elimination of marginal operations. Investment projects for which it will be difficult or impossible to assure a work force may not be included in the plan and should not be proposed by investors./

For the area of labor and of the utilization of wage incentives, the Set of Measures presumes the application of intensive factors of economic growth in all interrelated plan components. Also, in The Main Directions of Economic and Social Development in the CSSR from 1981-1985, as approved by the Fifteenth CPCZ Congress, emphasis is placed on a more rational and efficient utilization of all existing sources of employees, and on untapped sources for increased labor productivity, above all through the improved organization of production and labor, the full utilization of the working day, both in all production sectors and in nonproduction activities. A consistent increase in labor productivity is the fundamental condition for efficient economic development. The congress established, as one of the main tasks in the economic area, the basing of increased production and performance in all sectors of the national economy in the first place on increased labor productivity. In view of the declining increases in the labor supply, the importance is even greater of a higher level of coverage of production increases through increases in labor productivity. This will require no small effort in the assurance of the highest possible level of the social productivity of labor and the creation of conditions for the requisite dynamic of its growth, encompassing all those factors which influence the level and growth of labor productivity. This includes, especially, the influence of:

- the amount and utilization of production assets, particularly machinery, and its technical sophistication;
- the structure of production;
- science and research;
- management and organization;
- the level, and utilization, of employee qualifications;
- the length of the work day and its utilization;
- labor motivation;
- additional societal and social factors.

The amount of production assets, especially the /extent of the machinery stock/, is one of the important factors in the level and growth of labor productivity. There is a close tie between the quality (technical sophistication) of production assets, their utilization, and the level of labor productivity. The technical sophistication of the machinery stock must be understood above all as an expression of the level of science and research; its utilization is a manifestation of the level of management.

The relationship between the amount of production assets and labor productivity is expressed by the amount of capital stock per worker (especially machinery). The current development of the Czechoslovak economy has been characterized by its relatively rapid increase. While in 1970 the amount of machinery and equipment per industrial worker was valued at Kcs 72,248, in 1975 it had already reached Kcs 98,080 (in 1 January 1977 prices), an increase of 35.8 percent. For the same per-

iod, the labor productivity of a worker engaged in industrial activity increased 36 percent, that is, at approximately the same rate as the increase in his equipment. From 1975-1979, this capital intensive development continued; the value of machinery and equipment per worker engaged in industry increased 30.9 percent, but labor productivity increased only 20 percent.

/Capital investment continues to direct itself primarily at the creation of new work opportunities, and only to an insignificant degree to the conservation of workers, a focus in conflict with the currently reduced character of labor resources. This is reflected in a low level of occupation of machinery positions by workers, and in a shift-work coefficient which fluctuates, in the major industrial sectors, around 1.5. For the period of the Seventh Five-Year Plan, the necessity has become evident of moderating the increase in the physical volume of capital assets, and to concentrate on the more intensive utilization of modern facilities by means of more shift work, and on the exclusion and liquidation of inefficient machine equipment. At the same time it is necessary, from the viewpoint of the desired development in labor productivity, to utilize an increase in the volume of machine capital assets, rather than an increase in gross production, as the focus of an investment policy which gives priority to investments which make possible a substantially greater reduction of labor./

Economic development also demands, among other things, /changes in the structure of the national economy/, both in the relationships between individual spheres, as well as within branches and production sectors. These changes will demand corresponding groupings of employees (including changes in their qualification structures and territorial distribution) and changes in the capital asset structure. The optimization of the structure of the national economy is an important source of an increase in efficiency and in the social productivity of labor. Its utilization depends on economic management and on the ability to implement in practice the findings of science. It is a matter of a very complex issue, the resolution of which must be sought as well in the expansion of international cooperation.

Under Czechoslovak conditions, the problem of structural changes is not only a problem of the macrostructure, but also of structural changes within branches, production sectors and product groups. In individual industrial branches, there are sectors and product groups with very diverse levels of efficiency and with varying abilities to compete on foreign markets.

Given a limited supply of labor and raw materials, it is necessary to seek possibilities for additional economic growth by directing a production program toward those sectors and products which are, in terms of their use values and quality, potentially efficient and which may be advantageously applied in foreign markets.

/Science and research/ possesses critical significance for the further development of labor productivity. New discoveries accumulate faster and faster, the number of scientific employees is increasing, as is the amount of resources expended on scientific research.

With a view to the low levels of the labor supply, the main attention in the Seventh Five-Year Plan ought to be directed at greater efficiency in scientific and research activity, especially from the viewpoint of measures assuring increased work force savings, both on a macrostructural scale and in enterprise research and the improvers movement, the contribution of which to the increase in labor productivity can be

more immediately and rapidly implementable. For this reason the main directions of economic and social development in the CSSR from 1981 to 1985 mention in a prominent place a number of specific tasks of scientific-technical development aimed at increasing its share in the growth of the social productivity of labor and the overall efficiency of the national economy.

/Management sophistication/ possesses critical significance for the implementation of all the remaining factors in labor productivity, for instance the implementation in practice of the findings of science, the application of worker qualifications, the utilization of production facilities, and the like. In spite of the fact that this factor may not be expressed numerically, its influence on labor productivity is substantial, as indicated by a number of studies and international comparisons.

Internal enterprise management also belongs in the complex of issues of management and organization, and within its framework so does work rationalization, which has a significant role in the growth of social productivity. It includes measures for the more efficient utilization of labor and the other components of the labor process, the conduct of changes in the nature of work, the improvement of working conditions and the development of worker activity. Its objective is to discover unused potential and sources of growth in labor productivity, to maintain prescribed technical and labor procedures, to utilize machinery and equipment, and to maintain safety conditions at work. It is desirable that the share of rationalization and standardization in productivity growth continue to increase. The preconditions have also been created for their planned development in the unified methodological guidelines for the formulation of state plan proposals for national economic development, according to which the contributions of rationalization measures to the assurance of the planned growth in labor productivity are determined. It is a question mainly of direction the objectives and tasks of labor rationalization, the planning of their contributions, the improvement and expansion of the normative base, which is one of the main preconditions for an increase in the efficiency of operative management, planning, and compensation.

/The influence of qualifications/ on labor productivity depends both on the level and on the structure of the qualifications and, particularly, on their utilization. In this regard, there have been important qualitative changes. The worker qualification structure has changed significantly in favor of experts with a higher level of achieved education. The percentage of experts who are fulfilling the prescribed education requirements is growing. However, there are still many specialists whose qualifications are not being utilized.

The following will be especially useful in increasing the efficiency of the qualification factor:

--the assurance, in conceptions and plans for the replacement of skilled workers, of closer ties between the qualification structure of workers and the needs of the national economy, stemming particularly from the development of production and new technology;

/--the assurance of the replacement of unskilled work with technology and an increase in the percentage of skilled work in accordance with possibilities provided by the general increase in employee qualifications;

--the creation of the conditions for a lifelong increase in qualifications and strengthening the material incentives for this increase./

The main guidelines also emphasize the need to improve the skills mix of workers and to improve substantially the utilization of the high qualifications achieved by the work force to assure the growth of technical sophistication and quality, the improvement of technical procedures and the organization of production with the objective of using fully all the factors in the growth of the social productivity of labor.

/Utilization of the work day/ without a doubt belongs among the no less significant factors which influence the annual and hourly productivity of labor, particularly if it is also accompanied by the upholding of labor discipline, an improvement in the organization of production and labor, by the formulation and adhering to work schedules, to labor and technical procedures, by the timely and adequate supplying with raw materials, inputs and energy, by the utilization of machinery and equipment, by improving the quality of products and services, by the optimal allocation of numbers of workers and their employment in absolutely essential numbers, and if conditions are created for a reduction in illness and injuries. The main directions of the economic and social development of the CSSR rightly emphasize, in this regard, the introduction of progressive changes in the character of work and the creation of conditions for an increase in labor discipline and the rhythmic nature of the work process.

It is desirable that /the motivation to work and other societal and social factors/ in the growth of labor productivity find broad application in the development of worker initiative, the results of which will be appropriately utilized above all in the development of implementational counterplanning, and in the overfulfillment of five-year plan targets and the qualitative aspects of annual implementational plans. At the same time, measures assuring the growth of the social productivity of labor and efficiency and the conservation of labor and embodied labor from the viewpoint of the prospective requirements of national economic development should receive priority and be stimulated more significantly. This is one of the main directions in the assurance and overfulfillment of tasks concerning an increase in the efficiency of economic development which will be established by the five-year plan.

Low increases in labor resources for the Seventh Five-Year Plan and their unfavorable structure requires more than ever before the assurance of the economical utilization of all employees and the creation to this end of the necessary prerequisites in planning and placement, not only for state agencies, planning commissions, ministries, and national committees, but also in economic production units, organizations, and in enterprise and personal material incentives.

For this reason, the unified employment control system approved for the Seventh Five-Year Plan emphasizes:

/--the need to improve the method of balancing labor resources and their placement;

/--the assurance of closer ties between the economic plans of organizations and the state plan, especially regarding the quarterly breakdown of limits on the number of workers from the viewpoint of the feasibility and possibilities for worker recruitment;

/--the assurance of an employment structure (percentages of technical-economic employees, workers and operational employees) in accordance with the state plan;

/--extending the influence of the state plan in the determination of the development of employment and wages to other organizations, i.e., even to areas where the state plan has not previously influenced the development of employment.

The economical utilization of all kinds of human labor demands the creation of pre-conditions in all areas of the planned management of the national economy, in the interrelated parts of the national economic plans, especially in the area of new technology and the replacement of capital assets, and assure the influence of all instruments and incentive measures to this end.

The Main Directions of Economic and Social Development of the CSSR from 1981 to 1985 provides sufficient suggestions and tasks for the further development of the Set of Measures in the area of the improved utilization and placement of employees and their qualifications in the interest of assuring the further advance of the national economy, even in view of substantially lower new labor force resources.

9276

CSO: 2400/102

INCREASED TRAFFIC VOLUME SHIPPED VIA ROSTOCK HARBOR

East Berlin TECHNISCHE GEMEINSCHAFT in German Vol 29 No 11, Nov 81 (Signed to press 30 Sep 81) pp 31-32

[Article by Heinz Limp, senior engineer, VEB Rostock Seaport; chairman, Enterprise Section (BS), Chamber of Technology: "Goods Volume: A Harbor Is Bursting at the Seams"]

[Text] Rostock Overseas Port: This is the largest commercial harbor in the GDR. In 1980, 2,731 vessels from 42 countries cleared here. About 15.3 million tons of goods of all kinds passed the piers at the present 32 berths. It was the largest volume ever achieved by the 4,700 employees in the 20 years since the port was opened. By the end of the five-year plan the goods volume is to increase to more than 23 million tons--an amount for which the present capacity of the harbor is too small. But a new format for the port has long been on the drawing boards...

Several construction projects now and in the next few years will alter the original image of the port and give it a new face: The building of a new high-capacity terminal for roll-on/roll-off and container traffic at the southern edge of the port, the construction of an additional basin with three berths for the grain, fish meal and fodder traffic and the creation of three additional berths for the handling of metals and general cargo through the expansion of Pier 1 and the construction of further handling facilities for chemical products.

Increasing Ro/Ro Traffic

The building of the ro/ro-container terminal is a necessity, which resulted from the rapid development (above all in ro/ro traffic) in the past years, which is shown by two figures: When ro/ro traffic began in 1974 the cargo volume amounted to about 42,000 tons. Last year, in comparison, it was already more than 382,000 tons! The present facilities are now operating at the limit of their capacity.

In order to be able to cope with the constantly growing cargo volume in the coming years, a completely new construction complex with an area of 200,000 m² is going up right now, the core of which is a warehouse with 19,000 m² of usable floor space. It has already been completed and equipped for loading and unloading trailers and containers. The attached open storage area extends over about 110,000 m², of which

nearly one-fifth has been in practical use since December of last year. This year, construction of a public tract and a special connecting road to the Berlin-Rostock autobahn (which is also equipped to handle the heaviest transports) has begun. Beside it the continued expansion of the open storage area takes place.

Large Silos in the Complex

Almost half a million cubic meters of sea sand had to be moved by the dredges and barges of the VEB Rostock Dredge, Towing and Salvage Company in order to permit construction, between the present bulk cargo pier and the oil port, of a totally new harbor basin, which in the future will handle the shipping of grain, fish meal and fodder. With its 820 meter long pier it offers room for three berths, two of which are 300 meters and one of which is 220 meters long. Water depth in the two 300-meter berths will be 13 meters, in order to be able to accommodate vessels up to 60,000 tons deadweight. The third berth, with a water depth of 12 meters, is intended for vessels up to 30,000 tons deadweight.

The core of this new shipping complex will be a large silo facility consisting of a total of 72 cells (towers), a considerable part of which has already been completed (photo). The VEB Rostock Special Constructions Combine is building the silo towers, each of which has a height of 54 meters and possesses an average storage capacity of about 1,000 tons. The construction of the silos is so arranged that the open spaces between the towers can also be utilized, which increases the total holding capacity.

In this connection the plans call for the special berth for grain and fodder, located at the middle of the pier, to be the first one to begin operation in 1982. Here conventional grain elevators, which run on tracks parallel to the pier, will be used to unload ships, and floating grain elevators as well, which have proved superior for 2 years. Via an almost automated freight car loading station 1,200 tons (an entire train) can then be loaded every hour.

For Rolled Steel and General Cargo

Pier 1 deals with the preferential traffic of metals and general cargo: The pier must grow about 400 meters into the basin by the Warnow if it is to provide room for the two berths for metal which are planned on the west side and for the general cargo berth on the east side. In the future four heavy-duty cranes with a lifting capacity of 40 and 50 tons, respectively, built at VEB Eberswalde Crane Works, will serve to unload cold-rolled steel, sheet metals and wire at the metal shipping areas. It will primarily be Soviet rolling mill products, the import of which will grow considerably during the 1980's.

An adjoining open storage facility, equipped for a floor load of up to 30 tons/meter², three heavy-duty bridge cranes with a 50-ton capacity and a 50-meter free span complete the technical equipment.

In order to fully utilize this capacity, a smooth approach and departure by rail must simultaneously be assured. Accordingly, the three new berths will be provided with 17 kilometers of track and 64 switches. The enterprise building this is VEB Magdeburg Track Installation. The plan calls for the first train to dispatch rolling mill products in the first quarter of 1983. The handling of cargo at the new general cargo storage facility--here, three 10-ton cranes and a 12,600 m² warehouse are planned--is to begin 1 year later.

The opening of a special chemical port is also planned for 1983. It will serve to unload liquid ammonia.

Naturally, all of these highly productive facilities are based on the most recent scientific and technological knowledge in the field of transportation, handling and storage procedures, in order to achieve optimal and efficient cargo handling corresponding to the demands of the future. Through specific use of electronic data processing and modern means of communication it is possible to achieve fast-reacting control over the dispatch of the means of sea and land transportation even today.

11949

CSO: 2300/76

CAUSES FOR ECONOMIC BREAKDOWN ANALYZED

Warsaw GOSPODARKA PLANOWA in Polish No 7-8 Jul-Aug 81 pp 353-361

[Article by Stanislaw Albinowski: "At the roots of the Economic Breakdown"; passages within slantlines published in boldface]

Components of the Initial Situation*

[Text] The current situation forces us to reflect on the real causes of the crisis our economy is experiencing. This crisis has been growing since the end of 1974 (with increasing shortages of consumer goods on the market), and acquired a clearly explosive character since June 1976. The published causes of these "difficulties" cannot explain, and especially justify, the situation existing during the mid 1970's. The decline of agricultural production in 1974 and 1975 could be foreseen based upon a statistical prognosis and, independent of this, it was not explained how much Poland contributed to a continually chronic underinvestment in agriculture. In the field of foreign trade, the years 1974 and 1975 were not--according to confirmations--a bad period. On the contrary, as regards relations with the capitalist countries--and this was a critical sector for us--a continual improvement in terms of trade followed.

During the years 1971-75, our economy had an abundance of production factors at its disposal. Some 1.8 million persons entered their productive years. Within the arena of material supplies, balance tensions existed throughout the entire period to be sure; nevertheless, increases in the production of basic raw and other materials were significantly greater than in 1966-70. Considering the length

*The text printed below was written in 1977 as a fragment of a larger article. In June 1981, it was published as one of the author's works in the appendix to the "Governmental Report on the State of the Economy and the State," and sent to Sejm together with the "Report." The text is printed here without any substantial changes. Only with the terms "old" and "new" did the editors insert the changes "Gomulka team" and "Gierek team." The author does not see the need to actualize the statistical data; the primary causes of the economic crisis which appeared between 1972 and 1973 are the subject of the analysis. The text limits itself to an analysis of economic factors and the phenomenon under discussion. It does not, on the contrary, deal with political and social components (author's note).

of the investment cycle, this could have been only the result of initiating facilities whose construction began even before 1971. Parallel to this, the importation of raw materials and semifinished products, of which most were bought on credit, grew even more. As regards price increases for raw materials that took place on the world market from 1973 to 1975, our economy profited on the balance, which is proven by comparing the results of foreign trade in current prices to those of 1970. It could have been more profitable if our import policy had been conducted in a rational manner from the beginning, i.e., if the negative balance in trade turnovers had not exceeded profitable amounts achieved thanks to the corrected terms of trade. Likewise, the influx of new production means for machinery and equipment was more abundant than ever before, which resulted from credit purchases of equipment in the capitalist countries.

All factors of production were in a state of abundance. Despite this, however, serious disturbances in market equilibrium occurred. The causes of the current crisis, therefore, must lie in two other closely connected spheres, i.e., first, the degree of taking advantage of available production factors was low, which resulted in the low efficiency of the management process. This is tied to a large extent to maintaining a system of economic functioning that prefers extensive methods. This preference was enhanced still more (and to a degree not yet seen) by the concept of accelerated development strategy, in which quantitative euphoria replaced the calculation of efficiency. A particularly high degree of waste was visible (and still is) in the material economy, along with the particularly large decline of efficiency in export production and investment activity.

The second cause of the current crisis is the faulty policy of prices and payments. For political reasons, prices for basic goods were frozen. Payments grew much more quickly than the five-year plan anticipated, through which the seed of structural disorders was instilled in two parallel phenomena: First, to a large degree the growth of payments was not covered in the increases of production cleanly resulting from the increase in labor productivity, and second, nothing was done to guarantee that the growing personal income of the people would cover consumer goods. Therefore, both in the sphere of a global and a segmental balance, there was only a nominal increase in personal incomes, which to a large degree failed to actually cover the cost of goods. This had to lead to an inflationary price increase. Influences in pricing policy and the foreign-trade balance accompanied these proinflationary, internal factors. The first acted in a pro-inflationary manner, while the second were anti-inflationary. Weighing the demands of these influences, as with each of the signalized problems discussed here, a more thorough discussion based upon analysis of the data is required.

A short digression: The above-mentioned observations concerning the exceptional growth of nominal payments do not negate the need for growth in the people's real incomes. A comparison of the share of payments within the national incomes of Poland and the West European countries leads to the conclusion that the share in Poland is lower, and in some cases by even 50 percent. The growth of real incomes in relation to the reasonable level of our economy's development would require, however, two fundamental changes; i.e., a significant reduction of the share of investment in income (this was stipulated at the Eighth Plenum in February 1971) and a fundamental change in the production structure for the benefit of consumer goods. The development of the situation from 1971 to 1975 led to contrary tendencies.

The causes of the economic crisis taking place in the middle of the 1970's lie in faulty economic policy, which came into conflict with the concepts formulated in outline form at the Eighth Plenum.

The economic policy of the Gomulka team led to the following situation: extensive development led not only to the stagnation of real payments, but it also reduced the possibilities for development, whose expression was a falling growth rate in national income and practically stagnation in the area of capital investment. An attempt to solve the problem was made by acquiring means to modernize the economy and by lowering the living standard--in each case blocking it for a further, undefined period. Because the 1971-75 plan's concept was not published, it is difficult to judge the aims of the Gomulka team during this period. The first step in this direction had to be price increases in December 1970, which provoked strong societal opposition--in effect the administration at the time had to step down.

The new administration, of course, had to establish one principal goal; i.e., bring about an economic impetus through the simultaneous growth of the people's living standard. Many variants and various deadlines for achieving this goal have existed. The Giersek team's first error of a sociological character was that it wanted to carry out changes very quickly, when in the situation existing at the time, slow but constant changes would have sufficed. Two fundamental possibilities existed: Either slow changes based upon a rebuilding of the country's economic structure and changes in the policy of income distribution, or rapid changes based upon foreign credits. Within this framework, there were various combinations of factors from both concepts.

During the Eighth Plenum in February 1971, this was drawn as the first guiding, programmatic concept. Prof Jozef Pajestka stated that one cannot "link" the new policy of rapid growth in incomes to the old economic structure. He demanded, among others, a change in investment policy in the direction of quick-profit outlays.

This thesis should be expanded, i.e., it is impossible "to link" the new income policy to either the old economic structure or the old economic policy. Such a concept would require radical changes and conversion from extensive to intensive methods of management; the first condition to implement this assumption was the introduction of a new system of economic functioning, one which prefers intensive methods. This was not done for political reasons, and those forms of worker self-government which existed previously, or developed in the December period, were eliminated. The new WOG (large economic unit) system was not only formed a bit too long and without suitable coordination, but in practice it degenerated into its antitype, i.e., not only did it not increase the degree of independence by the enterprises in decisionmaking (as a condition for intensifying the production process), but it simultaneously intensified the economic anarchy leading to complete disarray. To an ever greater degree, decisions were made not on the basis of rational arguments and real calculations, but as the result of auction strengths for individual objects, which began to group into particular arrangements.

Beginning in 1972, Poland began to introduce an enormous--continually growing and previously unknown--degree of forced development through the aid of foreign

credits. It was precisely in 1972 that the change from one concept to the other took place without notice by society. Although the party discussed the continuation and development of economic policy, which was decided at the Sixth PZPR Congress, a 180-degree turnabout took place here. There was a reversal of a policy which--if it had been consistently implemented--could have brought less spectacular but lasting results, to one of quick results, but based on doubtful foundations. They were doubtful because the investment injection could establish the impetus for development only under the condition that the economic system function properly, which guarantees optimal advantage from obtained credits, and thus a system based upon economic intensification. In general, such a system did not exist, nor does it exist now. In this situation, the efficiency of credit advantage was and continues to be low, while the system of so-called self-payments becomes a fiction. Moreover, the need to increase exports gives birth to the tendency to export for every possible price, which means that foreign trade reduces national income to division rather than increasing it.

There is no doubt that once the investment policy based on credit was set into motion, the more production credit escaped administrative control. Indebtedness to the capitalist countries achieved levels many times greater not only than those which were resolved in the five-year plan established in 1972, but also than those from current and later resolutions. For example, the minister of foreign trade, Prof Jerzy Olszewski, stated in the middle of 1975--immediately after taking over that position--that we had to achieve equilibrium in our trade balance with the capitalist countries by 1977-78, or "there will be a tragedy." However, in 1976, there was an increase in the deficit even as compared to 1975 (to 9.7 billion foreign-exchange zlotys, or about \$3 billion), and no one thinking realistically thought it was possible either to achieve a favorable balance in 1980 (as stated in the plan for 1976-80) or to equalize it. An additional negative factor (besides our industry's enormous inclination to import from the capitalist countries) will be a certain worsening in the second half of the 1970's of the terms of trade--as opposed to the 1971-75 period, when the indicator showed constant improvement from our point of view.

The effects of this policy are therefore negative: on the current scale, we were unable to utilize the obtained credits rationally, with maximal use for the economy and for real growth in society's living standard. On the perspective scale, the obtained credits constitute an enormous burden for our economy and people. For at least the next 10 years¹, their real cost not only rules out all formal calculations of investment effectiveness, worsening it considerably, but also for many years it will lower national income to a degree and create additional inflationary pressure.

It is thus possible to risk stating that the Polish economy during the middle of the 1970's will find itself--as compared to the situation at the end of the 1960's--in a much worse situation not only in the present sense but also in the future. Structural disorders, the degree of market imbalance and disorders in our economy's organizational state are currently much larger. Concurrently, we already

¹At present, it is becoming obvious that the repayment of foreign debts will require a much longer time than the 10 years I optimistically stated in the middle of 1977 (author's note, 1981).

have played the last trump card--credits, but we have not won the kitty. It will now be necessary to get out of this situation with our own strength.

For many years, society has realized that it is paying for a mistaken policy and a bad system. It is especially this circumstance that was the most important component of the exit situation started by the Giersek team. From the removal of this component, change of policy and correction of the system, above all, the implementation of declared aims for bringing the country out of its state of economic stagnation and a marked improvement in the people's situation are required. This fact should be emphasized particularly strongly: It is not so much that objective factors were the principal source of the difficulties, but rather they can be attributed to the incompetence of the authorities and the incapability of the system to take advantage of already existing production factors. The society's lack of trust in the authorities and in the system's rationality had negative effects on work morale and work efficiency as a production factor. This was, however, a secondary element. The primary element was the negative influence of the system itself, in whose confines there already was some sort of programmed waste of every production factor. Therefore, a faulty circle of mutually powerful, negative influences on the efficiency of the management process existed here. The first condition of action by the new administration should have been to break the faulty circle.

Imperatives and Reality

The success of the Giersek team's policy, to which society gave reasonable support, did not depend so much on spectacular successes, since no one who thought clearly expected them, but rather on the implementation of a gradual improvement of the economic situation which the people could feel, and on the initiation of mechanisms for development. In the political sphere, two factors played a fundamental role: First, agreement of actions with words, which required the support of the entire development strategy on solid bases, and second, raising the living standard, in which it was decided to what degree public and production activity would be initiated and how people would work. Agreement of actions with words also naturally encompassed the entire sphere of relations between the authorities and society. Among the resulting problems here, democratization and enlargement of society's participation in decisionmaking at all levels--as stated at the Eighth Plenum of the PZPR Central Committee in February 1971--above all should be mentioned.

In the economic sphere, the imperatives of economic policy, promising a chance of success, are as follows:

- a) stop nonsense in the areas of planning and management;
- b) introduce a new economic strategy dependent upon the optimalization of capital investment outlays so that the effects of these outlays be quicker;
- c) introduce new proportions in the division of national income (reduction of the capital investment share) and in capital investment outlays (increase in the share of outlays for agriculture, production of consumer goods and for social goals);

d) pay particular attention to strengthening the market balance (the proportion between nominal purchasing power and commodity bulk in the global and increased aggregate);

e) eliminate or begin to remove the disproportion between the economy's production and "service" activities (e.g., transportation as the bottleneck of the entire economy), and also eliminate the disproportion in the spheres of coproduction and supply;

f) shift the weight of methodology for economic development from extensive to intensive, which would require withdrawal from the pursuit of quantity and the simultaneous transformation to production quality, the lowering of costs and the increase of income through given global production; and

g) begin the introduction of an active credit policy in an unusually careful manner, preceded by familiarization with the possibilities for credit repayment and market outlets, and on this basis--work out and execute a program for the development of export production.

One could say that the implementation (and this is simultaneous) of all these assumptions was not possible. It is certain that it would not be an easy program, but it is also certain that the prerequisites for its adoption exist. It would require, however, a change in economic philosophy, an understanding of the necessity of new goals and an introduction of new methods. Despite the fact that the situation was bad at the beginning of the period, still there were enormous reserves whose initiation required only the removal of nonsense as a first step. The years 1971-72, when hope of correcting the situation and credit in the form of trust in the new administration enlivened social initiative, testify that the almost immediate administration enlivened social initiative, testify that the almost immediate initiation of these reserves was possible in full, and the maintenance of this trend depended on strengthening those conditions initiated by this trend.

Table 1 gives the indicators of the share of the degree of growth in the effects of activity by intensive factors in the growth rate of work output and national income.

Table 1

Years	Share (%) of intensive factors in growth	
	Work output	National income
1961-1965	68.0	53.1
1966-1970	43.6	29.3
1971	69.7	56.8
1972	71.4	55.0
1971-1975	63.6	49.5

Source: M. Nasilkowski, "An Analysis of Economic Development Factors in the Polish People's Republic." Warsaw, 1974, pp 164 and 220. For the years 1971-1975, my calculation uses the same method.

The decline of management efficiency during the years 1966-70 was very deep as compared to the previous 5-year period. In 1971-72, a sharp correction, thanks to which we achieved a higher level of efficiency than in 1961-65, took place. However, a survey of the 1971-75 period shows that the results are considerably worse than in 1971-72, which means that in the 3 final years of that 5-year period, a considerable reduction in the efficiency of economic activity took place.

The fact that this phenomenon occurred in 1973, and thus from the time when the first effects of the so-called acceleration introduced at the First Conference began to appear, is not, nor can it be, an accident. An even deeper decline in efficiency followed this policy's "development" (see Table 2).

Table 2

	Years				
	1971	1972	1973	1974	1975
Share of intensive factors in growth	63.2	76.5	70.2	58.1	42.7
Work output in national income	53.1	58.5	54.6	41.3	35.5

My calculated factors for 1971 and 1972 differ from those of M. Nasilowski. The tendency, however, is obvious, i.e., since 1973, there has been a decline in management efficiency, which in 1975 reached a level similar to that of 1966-70.

This tendency also occurred in industry, which is confirmed by the fact that the WOG system did not bring any positive results.

For the general economic characteristics of 1971-75, the evaluation M. Nasilowski gives in relation to the 1960's is reliable and accurate: "Introduced to fascination was the very growth rate of economic development and imperceptible prices that society had to pay for the forced acceleration of the growth of national income, which did not always have a proper, contemporary and real structure."² It also should be noted that in the 1971-75 period, this fascination was without comparison larger, and the price many times higher than in the 1960's.

All of this was the consequence of the fact that the Gierek team not only did not take into consideration any of the known and explicitly formulated imperatives in its current economic policy, but to the contrary--all of the imperatives ignored either the fact that the policy was supported by faulty conditions (e.g., the assumption of credit policy) or generally it did not have the support of any fundamental conditions. To a large degree, this policy occurred from the pressure of various factors which the administration could neither control nor had the strength to change the remaining parameters in such a way as to harmonize them with conditions created as a result of these pressures. The growth of payments and capital investments completely escaped from the hands of the central authorities, going far beyond planned assumptions. The authorities, however,

²M. Nasilowski, "An Analysis of Economic Development Factors in the Polish People's Republic" p 176.

changed neither the structure of real production and imports nor the pricing structure for "market" goods, and it was already too late when it was decided to change prices. This can be compared to the situation of a helmsman in a sailboat, who must change his course because of a shift in the winds, but who does not adjust his sails accordingly. To capsize is then unavoidable.

Lack of space here does not permit citing lengthy arguments--in valid theories--concerning the necessary directions of economic policy. Both the Gomulka team's concepts for selective development and almost all of the postulates formulated at the Eighth Plenum in 1971 can be regarded as valid. The 8 June 1972 resolution of the Sejm concerning the five-year plan stated in the preface that the plan's fundamental goals were as follows: correction of the people's living standard and removal of existing tensions and disproportions through the guarantee of a rapid and effective socioeconomic development for the country. Limiting ourselves here to general statements, the following should be emphasized:

--it has achieved a higher growth rate of economic development through the cost of lower efficiency and enormous indebtedness abroad whose repayment will weigh on our economy for many years to come, and has lowered the growth rate in the people's living standard;

--the social component of the new administration's economic policy has remained on paper;

--the achieved growth of the people's personal incomes--higher than those planned for the period and higher than ever achieved--was growth without backing. To a large degree, it was absorbed by price increases (only partially revealed in official statistics), and to an even greater degree, it became a fiction as a result of a lack of goods in general. Money that cannot purchase what is needed has no value. The growth of payments, which is officially "real," is a fiction when there are no possibilities of raising the standard of living;

--the tensions and disproportions existing at the beginning of the 1970's not only were not removed but worsened to an enormous degree never known and became a bottleneck for economic development in the second half of the 1970's.

The system for planning and managing the economy was led to a zero state, if not to negative efficiency and efficacy. The lack of objective criteria resulting from the breakdown of the strategy existing to date completes an increasingly deeper penetration of the system by informal, cliquish and particular arrangements that prefer those environs of our economy from which specific people launch themselves into management positions.

However, the most important negative consequence of the 1971-76 economic policy is the closing of the faulty circle in which our economy has found itself. In order to elaborate on this thesis, it is necessary to state a few words of introduction.

The years 1969-70 were a period of accumulated depression, i.e., weakening of the growth rate for national income, which was tied to the investment cycle (shifting the damaged capital investment growth rate about 3 years to the right, which means

forward, confirms this thesis), and met with the necessity of repaying credits borrowed in 1965-66. This is probably what caused the pressure to increase exports in 1970. Thus, the difficulty of the situation at the time was caused, above all, by the imposition of the deadline for repaying credits to the period of depression in the economic growth rate. Gomulka wanted to extricate this cost from the people by lowering purchasing power and effective demand so that a given production would have more goods for export--especially food (in particular, meat products, when these were the only "certain" goods that we could always export). The result of the attempt to implement this concept is known.

The Giersek team could not follow this path; only foreign credits opened a way to getting out of the situation in the short term. In 1971-72, we had large enough import surpluses from the socialist countries, while shared national income was higher than produced, and the surplus grew quickly. Starting in 1972, we also began to have--growing by leaps and bounds--an import surplus from the capitalist countries. The policy's legitimacy was determined by its necessity; there was no other possibility. However, in the longer run, the problem of simultaneous, dynamic growth in the economy and the more rapid growth than previously in the people's living standard could be solved only through increasing the efficiency of management and changes in the real structure of production. This was not done, however, indeed the opposite occurred; i.e., efficiency succumbed to a decline and tension within the economy grew considerably. Social tensions in 1977 were also greater, and halting the growth of the living standard became unavoidable in recent years as a result of the necessity to repay credits, which in the 1976-80 plan had to ensue in 1980 in ruthless proportion. However, up to that time the import surplus had to grow smaller, which in a growth context means the depletion of the means of disposal for capital investment and consumption. If we now take into consideration that from 1976 (inclusive), the growth of capital investment outputs has practically stopped, we should expect a depressed growth rate for the national income for the end of the 1970's. Thus, a repetition of the situation existing at the end of the 1960's has occurred, namely imposed on both periods. However, there is one fundamental difference--the current borrowing of foreign credits as a means by which to get out of these difficulties is no longer possible. Moreover, it will not only be impossible to get new credits, but it also will be necessary to repay the balance of the old ones. This means the development of a situation worse than the one in 1970. The same ineffectiveness of our economy will succumb to compression, when depression or only halting of the living standard's growth rate becomes a production disincentive (in an output sense), which must denote the management's deepening ineffectiveness. Theoretically, there are only two possible ways out of this situation: a war-type economy or a complete change in the system of state and economic functioning. The most difficult societal problem here will be rebuilding society's faith in the authorities--already three times in the postwar period, the credit of trust has not been repaid, but rather peculated.

Changes in the economic system and economic policy are unavoidable, although attractions in the form of "maneuvers" initiated in 1976 will not solve the problem. The stage preceding the formation of a new economic policy must be an analysis of the policy and its effects during the years 1971-75. Only the revelation of mistakes and the mechanics of their rise (and thus the realization of what must be changed) can constitute the foundation of a program that would provide real chances for breaking the faulty circle of ineffectiveness, and reveal

the directions of changes whose purpose is to avoid a further repetition of the mistakes that were committed in various degrees and forms within Poland's economic policy since 1950.

The Five-Year Plan: Unreal Assumption

If we overlook the assumptions of the fifteen-year plan from the end of the 1950's and the beginning of the 1960's, which comprised the period to 1975 and very quickly became outdated, the initial, calculated assumptions for the 1971-75 plan were adopted in November 1968 at Fifth PZPR Congress. In the first half of 1969, there were numerous deliberations between the party and the government regarding the plan's construction. In October 1969, drafts of the 1971-75 plan were sent out to the entire country for ratification by conferences of the enterprises' worker self-governments. It would have seemed that the plan already had been worked out at every level; thus, there was surprise when Wladyslaw Gomulka stated the following on 13 December 1970 at the Sixth Plenum of the PZPR Central Committee: "The plan for 1971 opens...a new National Economic Plan for 1971-75, whose work is still before us."³ (author's emphasis)

On 23 December 1970, and thus 3 days after the Seventh Plenum of the Central Committee had made administrative changes in the party, Premier Jaroszewicz stated before the Sejm that intensive work on the new five-year plan had begun, in which drafts of "new elements of economic and social policy resulting from an analysis of the causes of the recent events also will find expression."⁴

On 6 February 1971 at the Central Committee's Eighth Plenum, Vice Premier F. Kaim talked about the "newly worked out four-year plan for 1972-75"⁵, and on 12 February 1971 TRYBUNA LUDU revealed that the government had established a "special working procedure" for the new draft plan for 1971-75. Directions of changes were guided by resolutions established at the seventh and eighth plena. This is confirmed by the following:

The previous draft of the five-year plan did not meet societal needs, was not discussed with specialists and did not consider the possibilities of a more rapid improvement in the people's living conditions. As a result, /major revision/ (author's emphasis) of earlier assumptions are currently being implemented...⁶

Toward this end, stated TRYBUNA LUDU further, the chairman of the Council of Ministers called special commissions, subcommissions and teams, and the entirety of the work effort was to be organized and coordinated by the Council's Planning Commission.

Here a question must be posed--by which measures and directions did the new plan differ from the draft worked out by the old administration? It is shocking. The

³KRONIKA (1970), p 1055.

⁴KRONIKA (1970), p 1121.

⁵NOWE DROGI (1971), special edition, p 93.

⁶KRONIKA (1971), p 132.

differences are quite minimal, and in some cases they denote considerably worse possibilities for implementing the assumptions and assurances than those of the Giersek team.

A detailed comparison of the 1971-75 plan's fundamental indices with the version put forward by the Fifth PZPR Congress (1968) and resolutions for the 8 June 1972 plan lead to the following conclusions, which can be reliable only as to whether the amount of data published (used here by the author) is sufficient to make judgments.

a) Within the area of production, the plan envisages not much higher indices than in the Fifth Congress version. As regards generated national income, the indices are four points higher (by 2.9 percent), while in distributed, 4.4 percent. This latter ratio is tied to the change in the proportion of growth in exports and imports. In the Fifth Congress version, the growth rate for exports was to constitute 98.7 percent of that for imports, while in the plan, this ratio was 97.5 percent. Inasmuch as, in the Fifth Congress version, distributed income was to rise somewhat more slowly than generated income, the plan envisaged an inverse ratio. It should be emphasized that in both these events the differences are small.

In accordance with the plan industrial production was to increase 2.7 percent faster than in the Fifth Congress version.

On the scale of the five-year plan an acceleration in the production growth rate from 35 percent to 40 percent was planned for the construction industry, while in agriculture from 16 percent to 19-20 percent. Only these two sectors show a significant upward deviation from the Fifth Congress plan.

b) Characteristic, however, is the fact that the plan did not establish larger means that would guarantee greater growth. The best example of this is agriculture; e.g., the capital investment share for agriculture in the Fifth Congress version was to have achieved 15 percent of global outlays, while in this plan it was 14 percent. As regards arbitrary figures, after introducing comparative prices, the amounts were 210 and 204 billion zlotys. Therefore, the plan earmarked capital investments for agriculture, which were lower than those anticipated by the Fifth Congress version, which in turn was rejected by the new administration as not meeting the people's growing needs for food. Also characteristic was the fact that despite considerably larger tasks in the area of crop production, the 1975 plan assumed the use of artificial fertilizers as an integral part at a level of 193 kg/ha, and thus within the limits established in the Fifth Congress version (190-200 kg). Because the plan simultaneously brought about a decline--in the best case, stagnation of employment in agriculture--they thus counted on only good weather to achieve a greater growth in agricultural production.

In industry, the growth rate for output was placed in the lower half of the growth section set at the Fifth Congress. To be sure, larger capital investment funds were earmarked for industry, but first, there is at least a period of 5 years from the time the fund is granted to the startup of the facility, and second, the

scale of the entire economy (and thus also in industry), a decline in the efficiency of capital investment outlays was brought about by the prolongation of the median cycle--for certain in connection with the increase in the unit scale of facilities. The relation of growth in fixed assets to capital investment outlays, which achieved 86.5 percent in 1961-65, 94 percent in 1966-70 and was set at 92.8 percent in the 1971-75 plan, in fact achieved only 82.4 percent.

c) Payments and consumption: using the median, annual growth of income at 7.1 percent (as demonstrated in the structure of 1970 income distribution), it was possible theoretically to achieve the planned growth of 6.8 percent in consumption and 7.9 percent in accumulation. However, the share of accumulation at the time in 1975 income would not have reached 29.1 percent as the plan stated, but rather 31 percent--as compared to 27.6 percent in 1970. This share was strongly criticized as too high at the Eighth Plenum in February 1971, weighing heavily on the possibilities for an increase in the living standard. It is a fact that the Fifth Congress version set the increase of the accumulation share at 33.9 percent (in fact we "achieved" 35.1 percent in 1975), but the reserve was contained in the growth rate for all income: the latter was set at a level approximately 20 percent higher than the amount of the weighed growth rate for both factors (i.e., consumption and accumulation). In the plan ratified in 1972, such reserves generally were not established.

It can be said that the plan's assumptions established the maximum that could have been achieved if, first, the effects had been achieved through delineated outlays, second, no excesses of capital investment limitations had occurred, and third, the conditions for economic activity (internal and external) had not succumbed to the slightest deterioration. It is known, however, that such an assumption can and must be a fiction. From this point of view, the five-year plan put forward by the Fifth Congress (1968) was incomparably more stable than the one passed by the Sejm in 1972.

This is also evident from another view: the ratio between the growth of individual consumption's global fund and that of the fund for each inhabitant shows that the Fifth Congress version instituted a 5-percent growth for society, while the plan instituted only 4.1 percent. The actual growth was 4.6 percent. Because it is difficult to judge whether in the course of 1 year the prognosis for society's growth was reduced by one point, it should be acknowledged that in its final version, the plan or experience either accepted an overestimated factor for the growth rate of per capita consumption, or a glaring error was committed in its obviousness. In any event, the Fifth Congress version instituted a reserve, whereby the plan established growth not covered in the resulting factor.

The So-Called Strategy of Accelerated Growth

An analysis of the implementation of the NPSC (National Socioeconomic Plan) for 1971-75 immediately reveals two surprising facts:

--GUS (Central Office of Statistics) in general did not issue a communique concerning the execution of the five-year plan (1971-75), which is unprecedented in the history of the PRL [Polish People's Republic]; and

--nowhere in the public documents can one find a sentence on or the assumption of "the acceleration concept," which to a decisive degree weighed on the plan's nonimplementation and which to a large degree became the reason for the economic and political crisis that was exposed in full in 1976.

Let's begin with the second point, attempting--in order to perceive the complete picture--to follow the stages of the 1971-75 plan's development and later changes.

In February 1971, the government established a special procedure to work on the new plan. Special commissions and teams, called by the premier, began to act. In June, the Central Committee's Tenth Plenum discussed the plan's initial assumptions as presented by the government. Conclusions made from those discussions were sent to the government, and at the same time the plenum advised the Congressional Commission to work out a draft dealing with Poland's socioeconomic development in 1971-75. In December 1971, the Sixth Congress took place and unanimously adopted the program resolution formulating, among others, the tasks in the area of the country's socioeconomic development through 1975. The Fourth Plenum in March 1972 introduced two fundamental changes, i.e., the amount of capital investment outlays for the 5 years was raised dramatically by 24 billion zlotys to the level of 1,454,000,000,000 zlotys, and in a fundamental way, the growth rate for production growth in A and B industries (see Table 3) was changed.

Table 3

Growth--1975 to present	Growth rates for industrial production per	
	VI Congress	IV Congress
Overall	48-50	50.2
Group A (production goods)	52	51.2
Group B (consumer goods)	42	48.4

Both variants were counted carelessly. As much as the first amount of production growth in both areas was lower by 6 billion zlotys as compared to the amount of global production, the second variant was 0.3 billion zlotys higher. Objectively speaking, a reserve of 6 billion zlotys (which was not even mentioned) was included in the first variant. The second variant was, on the contrary, unreal. If the growth rate for group A is accepted as constant, then the production of group B could have increased maximally by 47.6 percent instead of by 48.4 percent.

The relationship of production growth from group A to B was changed from 1.24:1 to 1.06:1. It is not really known as to which balance point of view the growth of capital investment outlays by 24 billion zlotys could have been guaranteed through the simultaneous reduction of production means by 5 billion zlotys. It is possible that credit purchases in imports were established, although there was nothing ever said about this issue at the plenum. On the contrary, mention of the subject was made in another portion of P. Jaroszewicz's speech, which will be discussed later.

The principles of the Sixth Congress, together with corrections made at the Fourth Plenum, were incorporated in their entirety into the plan, which was

approved by the Sejm on 8 June 1972. Exactly 6 months later, 8 January 1973, the National Council of Party and Economic Activation took place. In a speech made at the time by Premier Jaroszewicz, the following statement is found:

"Thanks to the results of 1971 and 1972, we have achieved a marked outdistancing for the period of the fundamental tasks of the five-year plan. For over 1 year, we have exceeded the planned tasks for increasing real pay, societal incomes and agricultura production, by 1 year for assumptions made in the area of capital investments, and by almost 6 months for industrial production, foreign trade turnovers and deliveries of goods for the domestic market."⁷ It can be added that the tasks in the area of national income were exceeded by almost 5 months (in relation to those planned on the average of 7 percent per year).

It is characteristic that the planned factors within the area of distribution (societal incomes and capital investments) were exceeded two times faster than those for industrial production and income generation. Future disproportions and inflationary pressures determined this. At the time, however, not the slightest slightest bit of attention was paid to this circumstance, and no danger to the economy was seen in the observed trends. Also treated somewhat lightly was the latest word of planners, who with great care distinctly warned, "It is possible to evaluated positively only such capital investment growth that does not cause disruption of the general, economic balance in the long term."⁸

It is therefore possible to state that this acceleration, although "ratified" at the First National Party Conference [KKP] (October 1973), had already been carried out during the course of the first 2 years, especially in 1972 (this can be proven statistically). "Acceptance" of the acceleration by the KKP conference was never preceded by an analysis of conditions, outlays and expected results. The KKP conference also did not approve the changes in development strategy--the use of foreign credits. In general, this issue met with complete silence. In his speech to the PZPR Central Committee, E. Gierek limited himself to this observation: "During the course of the past 3 years, we have achieved a rate of development for the entire national economy, which is considerably higher than congressional resolutions envisaged.... The following factors have guaranteed this high, developmental growth rate: the correct concept for economic policy, the proper use of existing means and the sound management of capital investments."⁹

This forces the question as to which concept for economic policy? The concept used as the basis for the plan did not anticipate such excessive expenditures in relation to income. Another concept was never formulated. In reality, it was an escalation forced by the demands of pay increases and the obligation to maintain stable prices, which were simultaneously going up from the pressure of capital investments. These pressures added criticism to the program of so-called selective development by the previous administration and strengthened the certainty of the Gierek team and its advisers as to dynamic development. However, there are no miracles in economics. It was not possible in this way simultaneously to increase both real payments and investment outlays. In this situation, foreign credits were necessary.

⁷NOWE DROGI, 1973, Nr 2, p 22.

⁸"Halfway through the five-year plan," GOSPODARKA PLANOWA, 1973, p 436.

⁹NOWE DROGI, 1973, Nr 11, p 12.

Within the assumptions of the five-year plan, there was an import surplus of 3.2 billion foreign-exchange zlotys, of which about two-thirds were to come from the CEMA countries. In reality, there was a change not only in proportion, but more importantly in the very size of the trade deficit, which made it possible for distributed income to be larger than generated income. As a result, the deficit during the 5-year period stood at 21.6 billion foreign-exchange zlotys in current prices and 20.1 billion foreign-exchange zlotys in 1970 prices. However, for 1971-72, there were credits of not quite 10 percent for this 5-year period (in current prices), 22 percent in 1972, and 34 percent for the final 2 years. It should be noted that credits for 1974 and 1975, constituting about 70 percent of the import surpluses for the 5-year period, were drawn on the guiding plan of the First KKP, at which E. Gierek stated the following: "The fundamental task of the economy during the last 2 years of the current 5-year period will be to reverse the proportion between the growth rate for imports and exports in order to accelerate the latter. This especially concerns trade exchanges with the developed capitalist countries, to which exports are growing too slowly, as well as import needs in relation to repayment of credits."¹⁰

The general formulation of this principle does not permit one to conclude whether the intent was to achieve only a balance or an export surplus (which appears to confirm the reference to repaying credits), or only to reduce the trade deficit. In any case, it concerned "reversing the proportion," and thus at least reducing the size of drawn credits. However, the opposite occurred, as over two-thirds of the credits were drawn in the last 2 years.

The central authorities thus showed their lack of strength in face of pressures from "below" and the economy's export incompetence. During the First KKP conference, Premier Jaroszewicz stated as follows: "It should be recognized that the foremost task of our economy is to increase exports in 1974-75 in comparable prices by at least 34 percent."¹¹ It is not clear what is meant by "comparable prices." If tabulated in 1970 prices, when our global exports increased during the course of 2 years not by 34 percent but only by 19.9 percent, it was around 2.7 billion foreign-exchange zlotys lower in 1975 than the level resulting from the guiding principle. But the lacking 2.7 billion zlotys of foreign-trade profits in exports constituted barely 50 percent of the trade balance deficit in 1975. It appears that we were unable to oppose the unplanned import pressure which weighed on the trade deficit as regards the planned size of exports.

Everything bears witness to the fact that the central authorities more and more lost control of the situation that developed against their plans and decisions. There is also an internal contradiction in all of this which no one has really "noticed." On the one hand, it was decided at the KKP conference to eliminate the growth of foreign indebtedness, which of course meant removing the possibility of introducing surpluses of distributed income as generated (in 1973, this surplus stood at 49.3 billion zlotys). At the same time, however, at that very conference, further increases in payments and other societal incomes were approved, but also there was an increase of capital investment outlays from 1,900,000,000,000 to 1,954,000,000,000 zlotys during the 5-year period. Because

¹⁰ NOWE DROGI, 1973, Nr 11, p 25.

¹¹ *Ibid.*, p 63.

927 billion zlotys already had been spent for capital investments through 1973, there was consequently a desire to spend (and it was spent) over 970 billion zlotys in 2 years, although only 527 billion zlotys had been planned. This difference of 443 billion zlotys could not be covered by domestic means, so it was necessary to increase foreign indebtedness. But the indebtedness was supposed to have been reduced, as implied in the foreign trade guiding principles of 1974-75 and stated at the First KKP.

The "concept" of acceleration contained more internal contradictions--the bottom line is that it was supported by foreign credits without consulting with society or experts. One can suspect that the idea of development acceleration through the use of foreign credits--just in principle--was not analyzed from the point of view of operating costs or possibilities of repaying the debts (and interest on the debts) through increasing exports to hard-currency markets. Each operation of this type contains risks, and in this case it was particularly large, especially as regards the low export inclination of our industry, lack of knowledge concerning Western markets (lack of marketing research, administrative methods of activation that are not very useful in those markets and so on) and lack of an industrial export program that had a real chance of success to deliver its products within its capabilities in order to meet debt repayment deadlines. One of our economists stated the following in 1976: "If we had crude oil or gold and invested the credits in their extraction, there would not be any risk. But we want to repay the credits through delivery of goods that are in abundance in those markets and are of superior quality to ours." In the same way, another condition of this credit policy was not realistic, i.e., Western inflation would bring about a growth in export prices for our products, covering the interest, and thus we would receive the credit "for free."

Therefore, these concepts were above all naive and not supported by discernment of the situation. They found expression in published articles (e.g., the concept of self-repayments); however, in no article I examined was there a thorough analysis of the concept. The concept also was never formulated in documents published by the party or the government. Credits were thus obtained at the cost of society--in secret or by giving out only rudimentary facts. However, what was important was not individual facts but rather their amount and tendency.

From the official side, the problems of credit policy, its dimensions, costs and effects were veiled in silence from the very beginning. One can find only references to the necessity to repay the credits through an increase in exports (postulated, for example, at the Fourth Plenum in March 1972 and at the First KKP). However, at the same time, statements came having as their goal to confirm--against the facts--that additional outlay originate in means worked out by the economy. At the Fourth Plenum in March 1972, P. Jaroszewicz stated, "Increased capital investment outlays find their support in the higher growth of national income."¹² This departs from the truth. In 1972, actual capital investments as compared to outlays established in the annual plan were higher by 32.3 billion zlotys. National generated income exceeded planned income by 17-30.7 billion zlotys, as counted in constant prices. This difference results from data contained in various publications: GOSPODARKA PLANOWA¹³ stated that national income in 1972

¹²KRONIKA, 1972, p 242.

¹³GOSPODARKA PLANOWA, 1973, Nr 7, p 435.

increased by 9 percent, GUS's "1974 Statistical Almanac" stated 10 percent and GUS's "1976 Statistical Almanac" stated 10.8 percent. This wonderful increase in growth would require a separate analysis. In its place, we shall state only that accepting even an additional increase in income to a level of 30.7 billion zlotys, it is still 1.6 billion zlotys lower than additional capital investment outlays. And where is the growth in the people's monetary incomes, which achieved 72.2 billion zlotys in 1972 as compared to 1971?

It appears that not only was there no economic analysis of the credit policy, but it was kept secret from society that the successes of the post-December policy were to be realized to a large extent by way of having society pay the price for foreign indebtedness. Against the facts, they dared to tell society that the successes were achieved through its own strength. E. Gierek stated the following at the First KKP: "the correct concept of economic policy, the proper use of possessed means and the accurate direction of capital investments."

Silence about the credits as a principal element of the policy of acceleration is one aspect of the problem. The second aspect is that acceleration did not result from an intentional, conscientious and considered policy, but rather it was the result of an uncontrolled and impulsive course of events. The following statement by Premier Jaroszewicz proves this:

The active rebuilding and modernization of the Polish economy will continue in 1974-75. However, we must be realistic as to the possibilities: the presence of material goods, production capacity and the country's balance of payments. Next year, the upper limit of capital investment outlays can reach about 416 billion zlotys, and in 1975, about 465 billion zlotys. As specified for 1974, these capital investments exceed this year's plan by about 100 billion zlotys.¹⁴

The desire to restrain this acceleration was evident here since the sum of 416 billion zlotys constituted only a 9.96 percent increase in relation to 1973, while the increase in 1973 reached 22 percent--against an average growth rate of 8.3 percent planned in the five-year plan. Therefore, there was an attempt to halt the acceleration by setting a growth rate of 9.9 percent and 11.8 percent for 1974 and 1975, respectively. This was to have been the absolute limit. The actual outlays for these years were 463.6 and 529.6 billion zlotys, and thus 47.6 and 64.6 zlotys respectively--together 112.2 billion zlotys more than those established at the First KKP.

The acceleration thus became an independent force that the authorities were unable to control. It was a force acting fortuitously and destructively, as it led the economy to a state of complete disorganization and chaos. Never in the history of the PRL was there a situation in which the authorities exhibited such complete helplessness in the face of pressures from "below," never did they act so incompetently, never did their actions bring such harm to the economy. Everything remained in silence. Even at the Seventh Congress in 1975, this course of events was presented as an unequivocal success of party policy, and at the same time it

¹⁴NOWE DROGI, 1973, Nr 11, p 56.

called for the possibility of a real analysis of the situation and a turnabout in economic policy. By this time, opposition that had been accumulating as a result of the acceleration erupted.

This uncontrolled acceleration in effect erased implementation of the five-year plan. It is no surprise that there was no communique published as regards the five-year plan. On the contrary, it was decided that both planned periods--1971-75 and 1976-80--should be treated as one period. The propaganda purpose of this action is obvious. It does not change the fact, however, that Poland's economy entered the second half of the current decade burdened with numerous, deeply seeded disproportions, tensions and debts. They cannot help but have a fundamental influence on the further development of events. An analysis of the period 1971-75 is important, as a confrontation between reality and planned assumptions is necessary. This does not mean that if all of the plan's proportions had been followed, then all would be in order. Verification of a thesis like that would have required a preceding analysis of the five-year plan's internal compatibility. It cannot be conducted only on the basis of published materials, and there is no access to other authors. It is possible, however, to state without analysis the plan sinned by its preference for quantity over quality and the growth rate of production over that of income. In carrying over to the 1960's, M. Nasilowski correctly wrote about "the fascination with the growth rate of economic development and the incomprehension of prices that society had to pay for forced growth acceleration..."¹⁵ In the same way, it is carried over to the plan's assumptions and to the "concept" of acceleration.¹⁶

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¹⁵M. Nasilowski, "An Analysis of Economic Development Factors in the Polish People's Republic," p 167.

¹⁶This found expression later, especially during 1976-80 in the concept of a so-called open plan that became the institutionally legalized form of self-will in economic life, deepening the crisis disproportions (author's note, 1981).

SITUATION IN AGRICULTURE, FOOD ECONOMY ASSESSED

Warsaw TRYBUNA LUDA in Polish 15 Dec 81 p 4

[Article by Ewa Fiala: "What We Can Count On--What We Should Know"]

[Text] The course of harvesting and potato digging and this year's crop yield had a positive influence. More has been collected than a year ago: 2 million more tons of grain, 17 million more tons of potatoes and 5 million more tons of sugar beets. The hay, corn, root crops and fodder harvests were about 25 percent higher than last year.

The outlook for the development of animal husbandry and therefore, for the production of meat, milk and their products was also optimistic. Meanwhile, in early autumn, the first questions began to appear: Why is it that if things are going so well, the situation is continually bad? Indeed, things are not well and unfortunately, it does not look as if a quick, radical improvement will take place soon.

A Thin Slice of Meat

Above all, (and this is also a small stone in our own garden [a bitter pill for us to swallow]) we have been lead astray by the magic of numbers and even more by the delusion of indexes. In recording the high results, it was not always remembered that these harvests, higher this year by 11 percent (grain), by over 60 percent (potatoes) or by 45 percent (beets) refer to the catastrophically low harvest of 1980. With this in mind, this year's results should actually be ranked as barely average in a multiyear period.

At the same time, the quality of this year's crop (with the exception of certain kinds, such as, green forage or sugar beets) is not the best. Last year's floods impoverished the soil and contributed to the spread of diseases and pests. Payment difficulties made it impossible to make foreign purchases of the appropriate amounts of chemical agents for the protection of plants while difficulties in the domestic chemical industry curtailed plans for fertilizer deliveries. All in all, as can best be seen in the example of potatoes--a large clamp [pile] of approximately 50 million tons may turn out to be too small for our needs.

Fodder supplies, which are in the possession of farmers--even after taking into account this adjustment for quality and quantity--are, nevertheless, considerable. There is also a real possibility of halting the decline in the number of farm animals and even of starting a process of replenishing the herd.

However, this will be a toilsome process and--let us not deceive ourselves--a long one. The register of the livestock population conducted in June of this year revealed a very serious regression in this area of agricultural production. The swine herd was smaller by 2.8 million head (over 13 percent), cattle by 848 thousand (6.7 percent), sheep by 6,311 thousand (7.4 percent) as compared to the amount in June 1980.

Coming out of such a deep "saddle" takes time because this involves biology and its cycles, which are impossible to rush. In addition and which is no less important, there is still a shortage of the means of production, which the farmers are demanding loudly but without greater results for the time being.

However, there are certain signs which indicate that things are getting better. The high prices of piglets (up to approximately 3 thousand zlotys on the average per head on the domestic market), the decline of sows, the careful selection of heifers and cows intended for slaughter all testify to the fact that farmers are undertaking the desired production decisions. However, improvement, to be verified on store shelves, will not be quick and radical. Specialists claim that in the entire 1981/82 year period, there will be a smaller purchase of cattle for slaughter and in the case of beef cattle--the same will hold true for the 1982/83 year period.

During the fourth quarter, the purchase of meat will be at its lowest. Estimates are at about 425 thousand, thus, about 238 thousand tons less than a year ago. For the entire year, the purchase of cattle for slaughter, when converted to meat, will most likely amount to 1,887 thousand tons, thus, 651 thousand tons less than last year and 113 thousand tons (15.6 percent) less than was anticipated in the amended plan for this year.

The "slice of meat" and cold cut is, therefore, very thin and it looks like it will not be much thicker during the coming year because predictions indicate that purchases in 1982 will converge at a level of about 1,960 thousand tons.

On the Balance of Grain

Unfortunately, meat is and will not be the only great problem area. It may seem quite improbable but there are problems with grain as well and with what follows--grain products. Until 20 November, 1,352 thousand tons of consumer grain was bought which barely constituted 37.6 percent of the envisaged plan. Presently, farmers deliver not more than 500 tons daily. Let the fact that 15 thousand tons of grain have to be milled daily to fulfill consumer needs attest to how little that is.

Planners, not having any basis to anticipate that a radical improvement will occur, have calculated that until the end of December, there will be a total of 1,100 thousand tons of consumer grain, which indicates a supply (also taking into account imports and the said minimal purchases) of about 5 weeks. In making modest calculations of our needs, this would indicate the necessity of increasing imports in the first half-year of 1982 by 1 million tons (from 2.6 million to 3.6 million tons). This is a necessity which results from the computation of needs but is it possible and realistic in the country's payments situation?

It is possible that these questions will completely lose their current significance and the food problem will be taken off the agenda. Hope should be sought in the latest decisions of the Council of Ministers on the upgrading of the amounts obtained from the sale of agricultural products and accumulated in the bank. Grain, considered by farmers as the "hardest" currency, should as a result of this decision find itself in a State granary and mill and in the form of flour and grain products--in stores.

Costly Delay

The situation on the potato market is also bad. The abundant yield is far removed from the supply amount. In the largest agglomerations such as Bielsko-Biala, Lodz and Poznan--nearly 30 percent less potatoes than had been planned were collected while in the agglomerations such as Warsaw, Katowice and Wroclaw--over 20 percent less potatoes were collected than the required amount.

Why did this happen? The first reason is that the fact of the potato lifting campaign was not taken into account earlier than is the custom. At the very height of the potato harvest--at the beginning of September no one knew anything about whom, where and how many potatoes would be bought. Cooperatives limited purchases and accepted only potatoes which were contracted for. Farmers returned with full wagons and trailers--they clamped the potatoes. Purchasing "came to a halt" in October. Feverish activity undertaken in October to activate it [purchasing] brought negligible results. A loan of 150 thousand tons of potatoes from industry for the needs of the market will not be fully implemented. The potatoes are very poor quality. It can only be hoped that those in the farmers' clamps [mounds] will last until spring.

When it comes to other food commodities--the supply prospects are only slightly better. Only sugar may be expected in such amounts that it will be sufficient to take care of larger supply norms in a regulated system and for increased deliveries for processing and for use in the trades and by the same, for larger deliveries to the market of commodities produced on the basis of sugar. Sugar manufacturers predict 1 million 600 thousand tons of sugar.

To be sure, there will not be less but also not much more milk basic milk products in the immediate future. Everything will be at last year's level with the exception of [sour] cream and ripening cheeses. However, the reduction in [sour] cream deliveries will be significant, amounting to about 25 percent at the threshold of this and the coming year. This is necessary because of the production of butter. Butter deliveries during this quarter will amount to 71.2 thousand tons (including the import of 20.5 thousand tons) which will cover the needs of regulated sales. Importing will also be continued in 1982. The retention of this year's level of sales will require the importing of from 65-70 thousand tons of butter, which in connection with the seasonal decline of milk purchases, will include as much as about 55 thousand tons in the first half-year.

The supply of fish looks bad. In this quarter, deliveries will amount to about 55 thousand tons, therefore, 29 thousand tons less than last year. For the coming year, deliveries are estimated in the order of 200 thousand tons; i.e., over 35 thousand tons less than this year. We will not import fish; instead we must sell a part of the deep-sea fishing hauls in order to pay off the obligations of fishing industries.

If we were to add to this, the import of 3.1 billion units of cigarettes in order to maintain deliveries at last year's level during this quarter; i.e., in the amount of 22.5 billion units--then it would become evident that the food industry is "dependent" to a large degree on imports.

Imports for the Market

In order to appease our needs, to some extent, in the coming year, which does not mean (at least in a social sense)--to improve supplies--it will be necessary to purchase abroad over 200 thousand tons of meat, about 180 thousand tons of various kinds of fats, 7.5 million tons of grain and a quarter of a million tons of soya [soybeans]. This will cost nearly 7 billion foreign exchange zlotys.

The question: Can we feed ourselves?--sounds downright dramatic. An affirmative answer is necessary and possible. A green light must begin to shine for agriculture there where the means of production for agriculture originate.

Today--the country expects from its farmers, a patriotic attitude and an understanding of the situation in which it [the country] has found itself. Army Gen Wojciech Jaruzelski expressed this in his pronouncement after the formation of the Military Council for National Survival [WRON]: "I turn to you fellow countrymen [peasants]: do not allow your countrymen to starve. Take care of the Polish land so that it may feed us all."

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CSO: 2600/141

FEDERAL BUDGET FOR 1982

Belgrade SLUZBENI LIST SFRJ in Serbo-Croatian No 72, 31 Dec 81 pp 1829-1864

[Federal Budget for 1982 enacted by the SFRY Assembly in a session of the Federal Chamber on 29 December 1981]

[Text] I. General Section

Article 1

The Federal Budget for 1982 contains the following:

- 1) the Federation's own revenues in the total amount of 123,497,000,000 dinars;
- 2) total expenditures, including the resources of the current budgetary reserve and the amount being set aside for the permanent budgetary reserve of the Federation, in the amount of 203,875,000,000 dinars;
- 3) the difference between the total amount of expenditures and the total amount of the Federation's own revenues, in the amount of 80,378,000,000 dinars;
- 4) the contributions of the republics and autonomous provinces in the total amount of 80,378,000,000 dinars.

Article 2

The amount of 343,366,800 dinars is being set aside for the permanent budgetary reserve of the Federation out of the Federation's own revenues for 1982.

Article 3

Revenues are set forth by types, forms and subforms and expenditures by basic purposes in the Balance Sheet of Revenues and Expenditures of the Federal Budget for 1982, in the following amounts:

Balance Sheet of the Revenues and Expenditures of the Federal Budget for 1982

Classification Number		I. Revenues	Amount	
Reve- nue Form	Reve- nue Sub- form		Of the Revenue Subform	Of the Revenue Form
1	2		4	5
Type 03. Turnover Tax on Products and Service Charges				
03-1	Turnover tax on products			88,933,000,000
03-1-1	Portion of the basic turnover tax		88,933,000,000	
Total Type 03				<u>88,933,000,000</u>
Type 05. Fees				
05-1	Administrative fees			639,900,000
05-1-1	Consular fees		560,000,000	
05-1-2	Customs fees		67,000,000	
05-1-3	Other federal administrative fees		12,900,000	
05-3	Court fees			<u>100,000</u>
Total Type 05				<u>640,000,000</u>
Type 06. Customs Duties and Special Charges				
06-1	Customs duties			18,476,000,000
06-2	Special import charges and fees			11,812,000,000
06-2-2	Special charge to equalize the tax burden on imported goods		9,686,000,000	
06-2-3	Special charge for the keeping of customs records		2,124,000,000	
06-2-4	Storage charges on goods stored in customs warehouses		2,000,000	
Total Type 06				<u>30,288,000,000</u>

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Type 07. Revenues Under Specific Federal Enactments, Revenues of Administrative Agencies and Miscellaneous Revenues		
07-2		Revenues of administrative agencies		2,736,000,000
	07-2-1	Revenues of federal bodies, agencies and organizations	2,736,000,000	
07-4		Miscellaneous revenues		<u>900,000,000</u>
		Total Type 07		<u>3,636,000,000</u>
		Type 08. Revenues From Other Sociopolitical Communities		
08-1		Contributions of the republics and autonomous provinces		80,378,000,000
	08-1-1	Contribution of the Socialist Republic of Bosnia-Herzegovina	10,237,100,000	
	08-1-2	Contribution of the Socialist Republic of Macedonia	4,508,900,000	
	08-1-3	Contribution of the Socialist Republic of Slovenia	13,207,500,000	
	08-1-4	Contribution of the Socialist Republic of Serbia, not including autonomous provinces	19,664,000,000	
	08-1-5	Contribution of the Socialist Republic of Croatia	21,644,400,000	
	08-1-6	Contribution of the Socialist Republic of Montenegro	1,710,300,000	
	08-1-7	Contribution of the Socialist Autonomous Province of Vojvodina	9,050,500,000	
	08-1-8	Contribution of the Socialist Autonomous Province of Kosovo	355,300,000	
		Total Type 08		<u>80,378,000,000</u>
		Total revenues for distribution (Types 01 through 08)		203,875,000,000

Balance Sheet (continued)

Classification Number

Dis- tribu- tion Group	Dis- tribu- tion Sub- group	II. Distribution of Revenues	Amount	
			Of Distribu- tion Subgroup	Of Distribu- tion Group
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Basic Purpose 01. Funds for Operation of Administrative Agencies		
01-1		Funds which workers realize as the income of the work commu- nity		5,414,108,911
	01-1-1	Funds for personal incomes	5,156,284,600	
	01-1-2	Funds for social services	257,824,311	
01-2		Funds for material costs		486,094,329
01-3		Funds for special purposes		8,921,206,845
	01-3-1	Funds for personal incomes and other personal benefits of officials and delegates	327,375,917	
	01-3-2	Other specific purposes	3,625,344,239	
	01-3-3	Funds for general public pur- poses	3,880,080,732	
	01-3-4	Current financing of federal directorates for commodity reserves	1,088,405,957	
01-4		Noneconomic investments and equipment		<u>1,730,607,555</u>
		Total Basic Purpose 01		<u>16,552,017,640</u>
		Basic Purpose 02. National Defense and Social Self-Pro- tection		
02-1		Funds for the Yugoslav Peo- ple's Army		122,665,297,000
	02-1-1	Funds for the Yugoslav Peo- ple's Army in the current year	121,229,617,000	
	02-1-2	Funds to cover expenditures related to the rendering of services for indices outside the YPA	1,435,680,000	
		Total Basic Purpose 02		<u>122,665,297,000</u>

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Basic Purpose 04. Funds Transferred to Other Sociopo- litical Communities		
04-2		Supplemental funds	20,833,700,000	
	04-2-1	Supplemental funds to the bud- gets of republics and autono- mous provinces		<u>20,833,700,000</u>
		Total Basic Purpose 04		<u>20,833,700,000</u>
		Basic Purpose 05. Obligations To Finance Social Services		
05-9		For welfare of disabled veter- ans		27,715,183,000
05-11		For old-age and disability in- surance		<u>11,220,300,000</u>
		Total Basic Purpose 05		<u>38,935,483,000</u>
		Basic Purpose 06. Other Gen- eral Public Purposes		
06-2		To sociopolitical organiza- tions		748,947,000
06-11		Compensation to the Social Ac- counting Service		<u>233,298,000</u>
		Total Basic Purpose 06		<u>982,245,000</u>
		Basic Purpose 07. Funds of the Federal Reserve		
07-1		Appropriation to the permanent budgetary reserve		343,366,800
07-2		Current budgetary reserve		<u>394,290,560</u>
		Total Basic Purpose 07		<u>737,657,360</u>

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Basic Purpose 08. Funds Placed in Time Deposits and Set Aside, Obligations and Other Purposes of Interest to the Federation		
08-4		Obligations under credits		3,168,600,000
	08-4-2	Other obligations carried over from past years	3,168,600,000	
		Total Basic Purpose 08		<u>3,168,600,000</u>
		Total distributed and undis- tributed revenues		203,875,000,000

II. Detailed Section

Article 4

Revenues in the amount of 203,875,000,000 dinars, which have been indicated by basic purposes in the Balance Sheet of Revenues and Expenditures of the Federal Budget for 1982, are distributed by those disbursing and using the funds and by detailed purposes as shown in the detailed section of the Federal Budget for 1982, which follows:

Item Num- ber	Distri- bution Group or Sub- group	Basic and Detailed Purpose	Amount	
			Of Item	Of Basic Purpose
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>

Section 1. State Presidency of
of the Socialist
Federal Republic of
Yugoslavia

Title 1. Presidency

Basic Purpose 01--Funds for Op-
eration of Administrative
Agencies

1	01-1-1	Funds for personal incomes of personnel	46,316,632	
2	01-2	Funds for material costs	797,600	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
3	01-3-1	Funds for personal incomes and other personal benefits of officials	8,261,142	
4	01-3-2	Compensation for separation from family	646,056	
5	01-3-2	Traveling expenses	1,495,500	
6	01-3-2	Office supplies	997,000	
7	01-3-2	Postage and telegraph and telephone service	1,196,400	
8	01-3-2	Public relations	797,600	
9	01-3-2	Trips and visits	7,976,000	
10	01-3-2	Remuneration of nonstaff personnel	99,700	
11	01-3-2	Subscription to official gazettes, magazines and newspapers	598,200	
12	01-3-2	Costs of manufacturing medals and decorations	9,970,000	
13	01-3-2	Costs of services	39,880	
14	01-3-2	Lump-sum payment to chauffeurs for irregular working hours	1,036,880	
15	01-3-2	Purchase of uniforms and work clothes	79,760	
16	01-3-2	Addition to equipment and furnishings	498,500	
17	01-3-2	Expenses of the Federal Council for the Protection of Constitutional Order	99,700	
18	01-3-2	Expenses of the National Defense Council	79,760	
		Total Basic Purpose 01		<u>80,986,310</u>
		Total Title 1		<u>80,986,310</u>
		Title 2. Department for Entertainment Facilities of the SFRY State Presidency		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
19	01-1-1	Funds for personal incomes of personnel	17,542,215	
20	01-2	Funds for material costs	11,661,909	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
21	01-3-1	Funds for personal incomes and other personal benefits of officials	594,212	
22	01-3-2	Traveling expenses in Yugoslavia and abroad	119,640	
23	01-3-2	Addition to furnishings	697,900	
24	01-3-2	Expenses of maintaining structures and furnishings	2,691,900	
25	01-3-2	Personal incomes of seasonal personnel	398,800	
26	01-3-2	Compensation for overtime	697,900	
27	01-3-2	Remuneration of nonstaff personnel	897,300	
28	01-3-2	Expenses of maintaining and using the special train	19,940,000	
		Total Basic Purpose 01		<u>55,241,776</u>
		Total Title 2		<u>55,241,776</u>
		Total Section 1 (Items 1 through 28)		136,228,086
		Section 2. SFRY Assembly		
		Title 1. SFRY Assembly		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
29	01-1-1	Funds for personal incomes of personnel	169,589,700	
30	01-2	Funds for material costs	2,492,500	
31	01-3-1	Funds for personal incomes and other personal benefits of officials and delegates	161,366,444	
32	01-3-2	Postal, telegraph and telephone service	6,679,900	
33	01-3-2	Compensation for overtime	7,537,320	
34	01-3-2	Remuneration of nonstaff personnel	1,994,000	
35	01-3-2	Operating expenses of delegates and assembly bodies	33,898,000	
36	01-3-2	Purchase of domestic and foreign books	299,100	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
37	01-3-2	Subscription to official gazettes, bulletins and magazines	1,246,250	
38	01-3-2	Publication of transcripts	3,988,000	
39	01-3-2	Preparation of publications of the SFRY Assembly, information reports, bulletins and other assembly materials	4,985,000	
40	01-3-2	Expenses of parliamentary delegations	6,979,000	
41	01-3-2	Public relations	897,300	
42	01-3-2	Purchase of clothing and footwear	797,600	
43	01-3-2	Membership dues in the Inter-parliamentary Union	648,050	
44	01-3-2	Services rendered by others	398,800	
45	01-3-2	Costs of maintaining the motor pool	8,973,000	
46	01-3-2	Print shop expenses	4,985,000	
47	01-3-2	Purchase of equipment and adaptation	8,474,500	
48	01-3-2	Share in preservation of the main museum layout of the Museum of the First and Second Sessions of AVNOJ [Antifascist Council for the National Liberation of Yugoslavia]	1,794,600	
49	01-3-2	Preparation of topic reports, analyses and studies	299,100	
50	01-3-2	Office supplies, petty stock items, paper and other expendable materials	9,970,000	
51	01-3-2	Expenses of the Commission of the Federal Chamber of the SFRY Assembly for Preparation of the Law on Basic Rights Under Old-Age and Disability Insurance	498,500	
52	01-3-2	Expenses of the Commission for Monitoring Enforcement of the Law on Associated Labor	498,500	
53	01-3-2	Tito's Scholarship Fund for Young Workers and Workers' Children of Yugoslavia	398,800	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
54	01-3-2	Commission for Preparation of the Law on the Bases of Socio-economic Relations in the Management and Economic Employment of Funds for Expanded Reproduction	299,100	
55	01-3-2	Costs of holding elections and recall proceedings	35,892,000	
		Total Basic Purpose 01		<u>475,880,064</u>
		Total Title 1		<u>475,880,064</u>
		Title 2. Bureau for Petitions and Grievances		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
56	01-1-1	Funds for personal incomes of personnel	9,973,988	
57	01-2	Funds for material costs	348,950	
58	01-3-1	Funds for personal incomes and other personal benefits of officials	1,074,766	
59	01-3-2	Assistance to petitioners	54,835	
60	01-3-2	Addition to equipment and furnishings	54,835	
		Total Basic Purpose 01		<u>11,507,374</u>
		Total Title 2		<u>11,507,374</u>
		Title 3. Secretariat for Legislation of the SFRY Assembly		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
61	01-1-1	Funds for personal incomes of personnel	6,488,476	
62	01-2	Funds for material costs	179,460	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
63	01-3-1	Funds for personal incomes and other personal benefits of officials	1,486,527	
		Total Basic Purpose 01		<u>8,154,463</u>
		Total Title 3		<u>8,154,463</u>
		Total Section 2 (Items 29 through 63)		495,541,901
		Section 3. Council of the Federation		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
64	01-1-1	Funds for personal incomes of personnel	17,543,212	
65	01-2	Funds for material costs	428,710	
66	01-3-1	Funds for personal incomes and other personal benefits of officials and persons with special status	45,448,245	
67	01-3-2	Lump-sum payment to chauffeurs for irregular working hours	861,408	
68	01-3-2	Traveling expenses in Yugoslavia	658,020	
69	01-3-2	Traveling expenses abroad	69,790	
70	01-3-2	Postage and telegraph and telephone service	498,500	
71	01-3-2	Subscription to information materials and miscellaneous	697,900	
72	01-3-2	Public relations	89,730	
73	01-3-2	Reimbursement of members of the Council of the Federation for the cost of using a portion of their dwelling to conduct official business	583,245	
74	01-3-2	Purchase of clothing and footwear	119,640	
75	01-3-2	Purchase of equipment	59,820	
		Total Basic Purpose 01		<u>67,058,220</u>
		Total Section 3 (Items 64 through 75)		67,058,220

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Section 4. Federal Executive Council		
		Title 1. Federal Executive Council		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
76	01-1-1	Funds for personal incomes of personnel	88,129,815	
77	01-2	Funds for material costs	2,392,800	
78	01-3-1	Funds for personal incomes and other personal benefits of officials	21,206,190	
79	01-3-2	Compensation for separation from family	1,184,436	
80	01-3-2	Remuneration of nonstaff personnel	249,250	
81	01-3-2	Office supplies	199,400	
82	01-3-2	Subscription to newspapers, magazines and other publications	797,600	
83	01-3-2	Postage and telegraph and telephone service of officials	1,994,000	
84	01-3-2	Traveling and moving expenses in Yugoslavia	2,791,600	
85	01-3-2	Costs of leasing compartments on the Yugoslav Railroads	3,190,400	
86	01-3-2	Traveling expenses abroad	17,946,000	
87	01-3-2	Expendable materials and stock items	199,400	
88	01-3-2	Printing and copying of materials for meetings	7,976,000	
89	01-3-2	Purchase of equipment	11,964,000	
90	01-3-2	Funds for operating expenses of CEMA Commission	1,994,000	
91	01-3-2	Public relations	2,991,000	
92	01-3-2	Expenses of international cooperation	10,967,000	
93	01-3-2	Operating expenses of the Federal Legal Council	498,500	
94	01-3-2	Operating expenses of the Federal Economic Council	498,500	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
95	01-3-2	Expenses of the support services of the Federal Executive Council	299,100	
96	01-3-2	Operating expenses of the Federal Social Council for Affairs of the Social System	2,982,027	
97	01-3-2	Operating expenses of the Federal Council for International Relations	1,395,800	
98	01-3-2	Operating expenses of the Council for Economic Development and Economic Policy	2,991,000	
99	01-3-2	Operating expenses of the Council for the Environment and Land Use Planning	4,985,000	
100	01-3-2	Operating expenses of the Commission of the Federal Executive Council for Relations With Religious Communities	448,650	
101	01-3-2	Operating expenses of the Nuclear Energy Commission	697,900	
102	01-3-2	Operating expenses of the Yugoslav Commission for Cooperation With UNESCO	4,985,000	
103	01-3-2	Membership dues in international organizations	33,696,606	
104	01-3-2	Educational grants	239,280	
105	01-3-2	Renovating and equipping dwellings for official use	1,844,450	
106	01-3-2	Compensation for overtime	1,196,400	
107	01-3-2	Operating expenses of the Yugoslav Commission for Cooperation With UNICEF	9,970,000	
108	01-3-2	Operating expenses of the Yugoslav Commission for Cooperation With FAO	498,500	
109	01-3-2	Contribution of the SFRY to FAO	35,991,700	
110	01-3-2	Operating expenses of the Yugoslav Commission for Protection Against Pollution of the Sea and Inland Waterways	358,920	
111	01-3-3	Funds for operation of the Fund of Solidarity With the Non-aligned Countries and Developing Countries	1,595,200	
112	01-4	Noneconomic investments and equipment	1,730,607,555	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Total Basic Purpose 01		<u>2,011,952,979</u>
		Total Title 1		<u>2,011,952,979</u>
		Title 2. Protocol Department of the Federal Execu- tive Council		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
113	01-1-1	Funds for personal incomes of personnel	2,269,172	
114	01-2	Funds for material costs	94,715	
115	01-3-2	Compensation for overtime	119,640	
116	01-3-2	Public relations	6,979	
117	01-3-2	Purchase of uniforms	14,955	
		Total Basic Purpose 01		<u>2,505,461</u>
		Total Title 2		<u>2,505,461</u>
		Title 3. Department for Per- sonnel Affairs		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
118	01-1-1	Funds for personal incomes of personnel	2,917,222	
119	01-2	Funds for material costs	164,505	
120	01-3-2	Funds for personal incomes and other personal benefits of of- ficials	563,305	
121	01-3-2	Funds for personal incomes and other personal benefits of of- ficials on waiting status and persons with special status	24,842,249	
122	01-3-2	Compensation for separation from family	73,748	
		Total Basic Purpose 01		<u>28,571,029</u>
		Total Title 3		<u>28,571,029</u>

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Title 4. Department of the Federal Executive Council for Defense Preparations		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
123	01-1-1	Funds for personal incomes of personnel	7,263,145	
124	01-2	Funds for material costs	448,650	
125	01-3-1	Funds for personal incomes and other personal benefits of of- ficials	488,530	
126	01-3-2	Consultants' fees for improving operational and organizational efficiency	39,880	
127	01-3-3	Defense-related projects	22,931,000	
		Total Basic Purpose 01		<u>31,171,205</u>
		Total Title 4		<u>31,171,205</u>
		Total Section 4 (Items 76 through 127)		2,074,200,674
		Section 5. Constitutional Court of Yugoslavia		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
128	01-1-1	Funds for personal incomes of personnel	15,432,563	
129	01-2	Funds for material costs	947,150	
130	01-3-1	Funds for personal incomes and other personal benefits of of- ficials	8,867,318	
131	01-3-2	Compensation for separation from family	418,740	
132	01-3-2	Costs of proceedings	239,280	
133	01-3-2	Publication of Reports of Deci- sions and Opinions of the Con- stitutional Court of Yugosla- via	947,150	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
134	01-3-2	Traveling expenses abroad	79,760	
135	01-3-2	Per diems of chauffeurs	59,820	
136	01-3-2	Lump-sum payment to chauffeurs for irregular working hours	162,511	
137	01-3-2	Purchase of clothing and foot- wear	14,955	
138	01-3-2	Purchase of and addition to equipment	99,700	
139	01-3-2	Expenses of receiving delega- tions	99,700	
140	01-3-2	Public relations	199,400	
141	01-3-2	Expenses of holding interna- tional European conferences of constitutional courts	149,550	
Total Basic Purpose 01				<u>27,717,597</u>
Total Section 5 (Items 128 through 141)				27,717,597
Section 6. Federal Court				
Basic Purpose 01--Funds for Op- eration of Administrative Agencies				
142	01-1-1	Funds for personal incomes of personnel	17,538,227	
143	01-2	Funds for material costs	2,612,140	
144	01-3-1	Funds for personal incomes and other personal benefits of of- ficials	8,428,638	
145	01-3-2	Compensation for separation from family	251,244	
146	01-3-2	Publication of Reports of Court Decisions	398,800	
147	01-3-2	Traveling expenses in Yugosla- via	149,550	
148	01-3-2	Traveling expenses abroad	164,505	
149	01-3-2	Translation into the languages of the nationalities and eth- nic minorities	19,940	
150	01-3-2	Costs of court proceedings	24,925	
151	01-3-2	Purchase of and addition to equipment	199,400	
152	01-3-2	Current maintenance of building and furnishings	797,600	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
153	01-3-2	Expenses of receiving foreign delegations	119,640	
154	01-3-2	Public relations	99,700	
155	01-3-2	Awards and compensation to lay judges	29,910	
156	01-3-3	Defense-related projects	99,700	
		Total Basic Purpose 01		<u>30,933,919</u>
		Total Section 6 (Items 142 through 156)		30,933,919
		Section 7. Federal Public Prosecutor's Office		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
157	01-1-1	Funds for personal incomes of personnel	6,706,819	
158	01-2	Funds for material costs	548,350	
159	01-3-1	Funds for personal incomes and other personal benefits of officials	4,618,104	
160	01-3-2	Compensation for separation from family	239,280	
161	01-3-2	Traveling expenses abroad	99,700	
162	01-3-2	Translation of official court documents from and into foreign languages	129,610	
163	01-3-2	Costs of conferences and of monitoring and studying social relations and developments	149,550	
164	01-3-2	Traveling expenses in Yugoslavia	99,700	
165	01-3-2	Expenses of receiving foreign delegations	219,340	
166	01-3-2	Public relations	39,880	
167	01-3-3	Defense-related projects	19,940	
		Total Basic Purpose 01		<u>12,870,273</u>
		Total Section 7 (Items 157 through 167)		12,870,273

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Section 8. Federal Attorney General's Office				
Basic Purpose 01--Funds for Operation of Administrative Agencies				
168	01-1-1	Funds for personal incomes of personnel	4,456,590	
169	01-2	Funds for material costs	338,980	
170	01-3-1	Funds for personal incomes and other personal benefits of officials	1,693,903	
171	01-3-2	Expenses of trial and executive proceedings and of representation in Yugoslavia	29,910	
172	01-3-2	Expenses of conducting suits being tried abroad and traveling expenses	683,942	
173	01-3-2	Expenses of receiving foreign delegations	19,940	
174	01-3-2	Public relations	4,985	
175	01-3-2	Costs of meetings	199,400	
176	01-3-3	Defense-related projects	9,970	
Total Basic Purpose 01				<u>7,437,620</u>
Total Section 8 (Items 168 through 176)				7,437,620
Section 9. Federal Public Defender of Self-Management Law				
Basic Purpose 01--Funds for Operation of Administrative Agencies				
177	01-1-1	Funds for personal incomes of personnel	3,544,335	
178	01-2	Funds for material costs	609,167	
179	01-3-1	Funds for personal incomes and other personal benefits of officials	1,713,843	
180	01-3-2	Costs of conferences and seminars	39,880	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
181	01-3-2	Expenses of receiving foreign delegations	9,970	
182	01-3-2	Purchase of equipment	59,820	
183	01-3-2	Public relations	32,901	
184	01-3-3	Defense-related expenditures	19,940	
		Total Basic Purpose 01		<u>6,029,856</u>
		Total Section 9 (Items 177 through 184)		6,029,856
		Section 10. Federal Tribunal for Misdemeanors		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
185	01-1-1	Funds for personal incomes of personnel	4,143,532	
186	01-2	Funds for material costs	422,728	
187	01-3-1	Funds for personal incomes and other personal benefits of officials	3,275,145	
188	01-3-2	Traveling expenses in Yugoslavia	32,901	
189	01-3-2	Costs of translation	14,955	
190	01-3-2	Operating expenses of ad hoc members of the tribunal	99,700	
191	01-3-2	Purchase of equipment	29,910	
		Total Basic Purpose 01		<u>8,018,871</u>
		Total Section 10 (Items 185 through 191)		8,018,871
		Section 11. Federal Secretariat for Foreign Affairs		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
192	01-1-1	Funds for personal incomes of personnel	422,767,880	
193	01-2	Funds for material costs	69,790,000	

Balance Sheet (continued)

1	2	3	4	5
194	01-3-1	Funds for personal incomes and other personal benefits of officials	23,975,856	
195	01-3-2	Remuneration of nonstaff personnel	1,296,100	
196	01-3-2	Compensation for work at night, on Sunday and on holidays	2,991,000	
197	01-3-2	Public relations	1,595,200	
198	01-3-2	Expenses of delegations	14,955,000	
199	01-3-2	Expenses of fixing boundaries with neighboring countries and of the Commission for Codification of International Law	2,808,549	
200	01-3-2	Expenses of consultations and meetings of the group of non-aligned countries	6,501,437	
201	01-3-2	Expenses of the host delegation's participation in the Conference on Security and Cooperation in Europe	1,345,950	
202	01-3-2	Operation of radio equipment	13,958,000	
203	01-3-2	Expenses of temporary housing	6,979,000	
204	01-3-2	Compensation for separation from family	1,794,600	
205	01-3-2	Collection and processing of archive materials	2,492,500	
206	01-3-2	Membership dues in international organizations	105,682,000	
207	01-3-2	For purposes of documentation	8,973,000	
208	01-3-2	Addition to and replacement of equipment	4,985,000	
209	01-3-2	Scientific research papers, studies and analyses	39,880,000	
210	01-3-2	Specialized training of personnel for the communications service	498,500	
211	01-3-3	Expenditures for personnel and material outlays of diplomatic and consular missions abroad	2,464,584,000	
212	01-3-3	Obligations comprising installment payments on buildings purchased abroad on credit to meet the needs of diplomatic and consular missions	75,772,000	
213	01-3-3	Replacement of the travel documents of Yugoslav nationals abroad	4,985,000	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
214	01-3-3	Physical and technical security	2,492,500	
215	01-3-3	For information programs among Yugoslavs working and living abroad temporarily	6,979,000	
216	01-3-3	Expenses of repatriation and deportation of Yugoslav nationals from abroad	2,871,360	
217	01-3-3	Preparation of publications and documents on foreign policy	2,991,000	
218	01-3-3	Miscellaneous grants in aid in conformity with the principles of international solidarity	2,492,500	
219	01-3-3	Defense-related projects	2,233,280	
220	01-3-3	Specialized education of personnel	5,982,000	
221	01-3-3	Share of the SFRY in financing UN peacekeeping forces in the Middle East	4,626,080	
222	01-3-3	Expenses of organizing the International Seminar on Comparison of the Policies, Institutions and Experiences of UN Member Countries	3,688,000	
Total Basic Purpose 01				<u>3,312,967,192</u>
Total Section 11 (Items 192 through 222)				3,312,967,192
Section 12. Federal Secretariat for National Defense				
Basic Purpose 02--National Defense and Social Self-Protection				
223	02-1-1	Funds for the Yugoslav People's Army in the current year	121,229,617,000	
224	02-1-2	Funds to cover expenditures incurred in rendering services to entities outside the Yugoslav People's Army	1,435,680,000	
Total Basic Purpose 02				<u>122,665,297,000</u>
Total Section 12 (Items 223 through 224)				122,665,297,000

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Section 13. Federal Secretariat for Internal Affairs		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
225	01-1-1	Funds for personal incomes of personnel	867,694,085	
226	01-2	Funds for material costs	99,700,000	
227	01-3-1	Funds for personal incomes and other personal benefits of officials	609,167	
228	01-3-2	For designated purposes	299,100,000	
229	01-3-2	Purchase of clothing and footwear	19,940,000	
230	01-3-2	Formal education of personnel	11,964,000	
231	01-3-2	Preventive medicine, insurance of personnel and lump-sum grant in aid under Article 37 of the Law on Performance of Law Enforcement Functions in the Jurisdiction of Federal Administrative Agencies	1,296,100	
232	01-3-2	Expenses of building maintenance	8,973,000	
233	01-3-2	Moving expenses and shipping costs	7,477,500	
234	01-3-2	Compensation for separation from family	12,362,800	
235	01-3-2	Remuneration for occasional, temporary and other jobs	1,994,000	
236	01-3-2	Purchase of sports equipment	249,250	
237	01-3-2	Expenses of the Center for Personnel Education and Training	3,290,100	
238	01-3-2	Compensation for overtime and nighttime work	2,492,500	
239	01-3-2	Obligations to law enforcement agencies in the republics and autonomous provinces under Article 43 of the Law on Performance of Law Enforcement Functions in the Jurisdiction of Federal Administrative Agencies	25,922,000	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
240	01-3-3	Compensation for personal income and other expenditures on security of personnel employed in diplomatic and consular missions	67,447,050	
241	01-3-3	Expenses of the transit and reception center for refugees	2,492,500	
242	01-3-3	Defense-related projects	19,940,000	
243	01-3-3	Operating expenses of the Security and Social Self-Protection Institute	49,850,000	
244	01-3-3	Funds to cover expenditures of the Security and Social Self-Protection Institute incurred in rendering services to foreign services and to third persons in Yugoslavia	34,895,000	
245	01-3-3	Equipping the police brigade	74,092,055	
		Total Basic Purpose 01		<u>1,611,781,107</u>
		Total Section 13 (Items 225 through 245)		1,611,781,107
		Section 14. Federal Secretariat for Finance		
		Title 1. The Secretariat		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
246	01-1-1	Funds for personal incomes of personnel	68,190,812	
247	01-1-2	Funds for social services of federal bodies, agencies and organizations	257,824,311	
248	01-2	Funds for material costs	3,988,000	
249	01-3-1	Funds for personal incomes and other personal benefits of officials	577,263	
250	01-3-2	Compensation for separation from family	199,400	
251	01-3-2	Operating expenses of the customs commission	49,850	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
252	01-3-2	Translation costs	64,805	
253	01-3-2	Traveling expenses abroad	1,595,200	
254	01-3-2	Remuneration of nonstaff personnel	119,640	
255	01-3-2	Compensation for overtime	458,620	
256	01-3-2	Cooperation with international financial organizations	299,100	
257	01-3-2	Purchase of and addition to equipment	398,800	
258	01-3-2	Expenses of the Commission for Preparation of Changes in the System	398,800	
259	01-3-2	For designated purposes	697,900	
260	01-3-2	Funds for alignment of personal incomes in federal bodies and agencies	897,300,000	
261	01-3-2	Funds to finance scientific research projects and scientific studies	29,910,000	
262	01-3-3	Compensation for property nationalized in Yugoslavia	3,988,000	
263	01-3-3	Compensation and commissions paid to the Social Accounting Service	11,964,000	
264	01-3-3	Rent on the Ethiopian Embassy	58,823	
265	01-3-3	Expenses of the Commission for Revaluation of Capital Assets	49,850	
266	01-3-3	Defense-related projects	54,835	
		Total Basic Purpose 01		<u>1,278,188,009</u>
		Basic Purpose 04--Funds Transferred to Other Sociopolitical Communities		
267	04-2	Supplemental funds to the Socialist Republic of Bosnia-Herzegovina	6,190,472,700	
268	04-2	Supplemental funds to the Socialist Republic of Macedonia	2,821,510,000	
269	04-2	Supplemental funds to the Socialist Republic of Montenegro	2,294,296,400	
270	04-2	Supplemental funds to the Socialist Autonomous Province of Kosovo	8,288,459,800	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
271	04-2	Obligations to SAP [Socialist Autonomous Province] Kosovo not met in 1980	1,176,460,000	
		Total Basic Purpose 04		<u>20,771,198,900</u>
		Basic Purpose 05--Obligations To Finance Social Services		
272	05-11	Supplemental earmarked funds to the Old-Age and Disability Insurance Community of SR [Socialist Republic] Montenegro to cover the deficit in the Old-Age and Disability Insurance Fund	737,800,000	
273	05-11	Funds for preferential pensions of military personnel under the provisions of the Law on the Obligations of the Federation for Pensions of War Veterans	2,226,900,000	
274	05-11	Funds for adjustment of military pensions	1,761,800,000	
275	05-11	Supplemental earmarked funds to cover the deficit in the Military Personnel Old-Age Insurance Fund	6,493,800,000	
		Total Basic Purpose 05		<u>11,220,300,000</u>
		Basic Purpose 06--Other General Public Purposes		
276	06-11	Compensation to cover expenses of the Social Accounting Service for tasks in keeping records, monitoring and preparing reports and analyses	233,298,000	
		Total Basic Purpose 06		<u>233,298,000</u>
		Basic Purpose 07--Funds of the Federal Reserve		
277	07-1	Appropriation to the permanent federal reserve	343,366,800	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
278	07-2	Current budgetary reserve	394,290,569	
		Total Basic Purpose 07		<u>737,657,369</u>
		Basic Purpose 08--Funds Placed in Time Deposits and Set Aside, Obligations and Other Purposes of Interest to the Federation		
279	08-4-2	Obligations under foreign loans and for nationalized foreign property	22,000,000	
280	08-4-2	For repayment of credit for ag- ricultural surpluses used to finance the Federal Budget for 1965 and the Federal Budget for 1966	143,800,000	
281	08-4-2	Obligation of SAP Kosovo as- sumed to repay the foreign loan for the Ibar-Lepenac Hy- dropower System	160,000,000	
282	08-4-2	Funds to redeem bonds and cover differences in rates of ex- change of currencies from past years	450,000,000	
283	08-4-2	Repayment of credit to the Yu- goslav National Bank related to performance of the Program of Permanent Federal Commodity Reserves in 1976	774,200,000	
284	08-4-2	Repayment of credit to the Yu- goslav National Bank related to performance of the Program of Permanent Federal Commodity Reserves in 1977	291,800,000	
285	08-4-2	Repayment of credit extended to carry out the Program of Per- manent Federal Commodity Re- serves in 1978	330,500,000	
286	08-4-2	Funds to repay international credits for improved transpor- tation routes in SR Montenegro	140,400,000	
287	08-4-2	Contribution to the Interna- tional Development Association IDA	268,000,000	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
288	08-4-2	Member's share in the Inter-American Bank	66,200,000	
289	08-4-2	Contribution to the International Finance Corporation	18,300,000	
290	08-4-2	SFRY's member's share in the African Development Bank	52,600,000	
291	08-4-2	SFRY's share in the First Replenishment of the Resources of the International Fund for Agricultural Development	6,800,000	
292	08-4-2	Specific increase of SFRY's share in the capital of the International Bank	364,000,000	
293	08-4-2	General increase of the capital of the International Bank	80,000,000	
		Total Basic Purpose 08		<u>3,168,600,000</u>
		Total Title 1		<u>37,409,243,278</u>
		Title 2. Federal Foreign Exchange Inspectorate		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
294	01-1-1	Funds for personal incomes of personnel	47,803,159	
295	01-2	Funds for material costs	2,193,400	
296	01-3-2	Remuneration of nonstaff personnel in foreign exchange inspectorates in the republics	29,910	
297	01-3-2	Traveling expenses of foreign exchange inspectors in Yugoslavia	3,688,900	
298	01-3-2	Rental and maintenance of office space	2,691,900	
299	01-3-2	Traveling expenses abroad	897,300	
300	01-3-2	Purchase of equipment	598,200	
301	01-3-2	Public relations	4,985	
302	01-3-3	Defense-related projects	99,700	
		Total Basic Purpose 01		<u>58,007,454</u>
		Total Title 2		<u>58,007,454</u>

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Total Section 14 (Items 246 through 302)		37,467,249,732
		Section 15. Federal Secretariat for Foreign Trade		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
303	01-1-1	Funds for personal incomes of personnel	58,038,361	
304	01-2	Funds for material costs	5,184,400	
305	01-3-1	Funds for personal incomes and other personal benefits of officials	541,371	
306	01-3-2	Compensation for separation from family	251,244	
307	01-3-2	Compensation for overtime of typists based on quota, remuneration of nonstaff personnel, and compensation of professional commissions and working groups	299,100	
308	01-3-2	Preparation of bulletins and other materials and forms for administering the foreign trade and foreign exchange systems	299,100	
309	01-3-2	Scientific work, information and documentation, and consulting furnished by particular institutions	119,640	
310	01-3-2	Expenses of foreign and domestic delegations	2,991,000	
311	01-3-2	Charges for translation of various technical materials and foreign publications from foreign languages	99,700	
312	01-3-2	Purchase of clothing and footwear	19,940	
313	01-3-2	Membership dues in international organizations	14,920,105	
314	01-3-2	Purchase of equipment	398,800	
315	01-3-2	Expenses of personnel development programs	289,130	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
316	01-3-3	Defense-related projects	199,400	
		Total Basic Purpose 01		<u>83,651,291</u>
		Total Section 15 (Items 303 through 316)		83,651,291
		Section 16. Federal Secretariat for the Market and General Economic Affairs		
		Title 1. The Secretariat		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
317	01-1-1	Funds for personal incomes of personnel	32,111,376	
318	01-2	Funds for material costs	3,489,500	
319	01-3-1	Funds for personal incomes and other personal benefits of officials	573,275	
320	01-3-2	Compensation for separation from family	598,200	
321	01-3-2	Compensation for overtime	299,110	
322	01-3-2	Traveling expenses abroad	428,710	
323	01-3-2	Expenses of international cooperation	299,100	
324	01-3-2	Purchase of equipment	448,650	
325	01-3-2	Traveling expenses in Yugoslavia	1,395,800	
326	01-3-2	Data processing expenses	19,940	
327	01-3-2	Membership dues in international organizations	2,870,363	
328	01-3-2	Funds to finance expenditures related to analyzing and forecasting economic trends	4,985,000	
329	01-3-3	Defense-related projects	99,700	
		Total Basic Purpose 01		<u>47,618,714</u>
		Total Title 1		<u>47,618,714</u>

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Title 2. Federal Market In- spectorate		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
330	01-1-1	Funds for personal incomes of personnel	31,214,076	
331	01-2	Funds for material costs	2,492,500	
332	01-3-1	Funds for personal incomes and other personal benefits of of- ficials	556,326	
333	01-3-2	Compensation for overtime and work on holidays	299,100	
334	01-3-2	Remuneration of authorized or- ganizations and specialists for checking the quality of products being imported	1,694,900	
335	01-3-2	Traveling expenses abroad	199,400	
336	01-3-2	Expenses of inspection for quality	797,600	
337	01-3-2	Rent	1,196,400	
338	01-3-2	Expenses of international coop- eration	79,760	
339	01-3-2	Remuneration for expert testi- mony and expert evaluation	997,000	
340	01-3-2	Purchase of equipment	448,650	
341	01-3-2	Purchase of professional publi- cations	99,700	
342	01-3-2	Traveling expenses of market inspectors in Yugoslavia	3,788,600	
343	01-3-2	Public relations	10,967	
344	01-3-2	Compensation for separation from family	348,950	
345	01-3-2	Purchase of uniforms and foot- wear	498,500	
		Total Basic Purpose 01		<u>44,722,429</u>
		Total Title 2		<u>44,722,429</u>

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Title 3. Federal Directorate for Reserves of Industrial Products		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
346	01-1-1	Funds for personal incomes of personnel	26,894,075	
347	01-2	Funds for material costs	3,988,000	
348	01-3-1	Funds for personal incomes and other personal benefits of officials	670,981	
349	01-3-2	Traveling expenses in Yugoslavia and abroad	1,196,400	
350	01-3-2	Public relations	21,934	
351	01-3-2	Studies, analyses and magazines	149,550	
352	01-3-2	Expenses of maintaining furnishings and purchasing equipment	1,595,200	
353	01-3-2	Compensation for separation from family	108,673	
354	01-3-2	Compensation for overtime	199,400	
355	01-3-3	Defense-related projects	291,124	
356	01-3-4	For designated purposes	330,685,957	
		Total Basic Purpose 01		365,801,294
		Total Title 3		365,801,294
		Title 4. Federal Directorate for Reserves of Food Products		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
357	01-1-1	Funds for personal incomes of personnel	22,540,176	
358	01-2	Funds for material costs	2,438,662	
359	01-3-1	Funds for personal incomes and other personal benefits of officials	1,850,432	
360	01-3-2	Compensation for separation from family	59,820	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
361	01-3-2	Traveling expenses in Yugoslavia and abroad	1,096,700	
362	01-3-2	Public relations	15,952	
363	01-3-2	Expenses of maintaining furnishings and purchasing equipment	997,000	
364	01-3-2	Compensation for overtime	149,550	
365	01-3-2	Studies, analyses and magazines	548,350	
366	01-3-3	Defense-related projects	69,790	
367	01-3-4	Funds for designated purposes	757,720,000	
Total Basic Purpose 01				<u>787,486,432</u>
Total Title 4				<u>787,486,432</u>
Total Section 16 (Items 317 through 367)				1,245,628,869
Section 17. Federal Secretariat for Jurisprudence and Federal Administrative Organization				
Title 1. The Secretariat				
Basic Purpose 01--Funds for Operation of Administrative Agencies				
368	01-1-1	Funds for personal incomes of personnel	19,541,200	
369	01-2	Funds for material costs	1,231,295	
370	01-3-1	Funds for personal incomes and other personal benefits of officials	579,257	
371	01-3-2	Compensation for separation from family	334,992	
372	01-3-2	Expenses of extradition	1,196,400	
373	01-3-2	Traveling expenses abroad	498,500	
374	01-3-2	Translation of petitions and documents from foreign languages	19,940	
375	01-3-2	Expenses of expert testimony and expenses of litigation	49,850	
376	01-3-2	Expenses incurred in drafting enactments	498,500	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
377	01-3-2	Charges under Article 294 of the Law on the Bases of the System of Government Administration	159,520	
378	01-3-3	Share in financing international meetings and other undertakings	299,100	
379	01-3-3	Defense-related projects	34,895	
		Total Basic Purpose 01		<u>24,443,449</u>
		Total Title 1		<u>24,443,449</u>
		Title 2. Bureau for Upgrading the Federal Administration		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
380	01-1-1	Funds for personal incomes of personnel	4,785,600	
381	01-2	Funds for material costs	249,250	
382	01-3-2	Compensation for separation from family	91,724	
383	01-3-2	Traveling expenses abroad	79,760	
384	01-3-2	Purchase of specialized literature	5,982	
385	01-3-2	Expenses of specialized training of personnel of federal bodies and agencies and federal organizations	99,700	
386	01-3-2	Expenses of publishing the Bureau's bulletin	229,310	
387	01-3-2	Expenses of preparing topic reviews and studies	49,850	
388	01-3-2	Membership dues in international organizations	255,232	
		Total Basic Purpose 01		<u>5,846,408</u>
		Total Title 2		<u>5,846,408</u>

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Title 3. Data Processing Bureau of Federal Bodies and Agencies		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
389	01-1-1	Funds for personal incomes of personnel	16,798,453	
390	01-2	Funds for material costs	2,183,430	
391	01-3-2	Remuneration of nonstaff personnel	39,880	
392	01-3-2	Traveling expenses abroad	59,820	
393	01-3-2	Purchase of specialized literature	299,100	
394	01-3-2	Material costs incurred in publishing and storing documentary and information material	348,950	
395	01-3-2	Operating expenses of the electronic computer	1,509,458	
396	01-3-2	Expenses in preparing designs of the information system	299,100	
397	01-3-2	Purchase of equipment	8,973,000	
398	01-3-2	Specialization--advanced specialized training abroad	298,103	
		Total Basic Purpose 01		<u>30,809,294</u>
		Total Title 3		<u>30,809,294</u>
		Title 4. Funding Programs of Independent Institutions and Organizations		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
399	01-3-2	Funds to carry out the program of the Institute for Comparative Law	4,023,892	
400	01-3-2	Compensation to health institutions for rendering services to personnel in federal bodies and agencies	797,600	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
401	01-3-2	Funds to carry out the program of the Museum of the Revolution of the Nationalities and Ethnic Minorities of Yugoslavia	15,453,500	
402	01-3-2	Funds for the AVNOJ Prize	3,439,650	
403	01-3-2	Mosa Pijade Fund for Advancement of Representational Art	1,994,000	
404	01-3-2	Funds for operation of the Commission on Objects Bearing the Likeness of Josip Broz Tito	249,259	
405	01-3-2	Edvard Kardelj Prize	1,495,500	
		Total Basic Purpose 01		<u>27,453,392</u>
		Total Title 4		<u>27,453,392</u>
		Total Section 17 (Items 368 through 405)		88,552,543
		Section 18. Federal Secretariat for Information		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
406	01-1-1	Funds for personal incomes of personnel	37,025,589	
407	01-2	Funds for material costs	997,000	
408	01-3-1	Funds for personal incomes and other personal benefits of officials	417,743	
409	01-3-2	Subscription to newspapers, magazines and other publications	1,176,460	
410	01-3-2	Expenses of receiving foreign guests and journalists	3,988,000	
411	01-3-2	State visits--foreign newsmen accompanying heads of state	1,595,200	
412	01-3-2	Education and training of newsmen from the nonaligned countries	5,483,500	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
413	01-3-2	Publication of bulletins and expenses of holding press conferences and publishing activity related to the work of the Federal Executive Council	3,988,000	
414	01-3-2	Performance of the international relations program of the Federation of Yugoslav Newsmen	1,296,100	
415	01-3-2	Budgeted expenses of the Pula KK [(?) Film Club]	2,352,920	
416	01-3-2	Expenses of multilateral cooperation of the nonaligned developing countries in informing one another	348,950	
417	01-3-2	Addition to and replacement of equipment	272,181	
418	01-3-3	Publishing activity, press releases, purchase of publications about Yugoslavia in foreign languages, news and documentary films, news photos, exhibits, special projects, the Secretariat's operating fund and costs of shipping information and propaganda material	32,901,000	
419	01-3-3	Purchase of periodicals intended for foreign countries	49,850,000	
420	01-3-3	Radiobroadcasting for foreign countries	104,685,000	
421	01-3-3	Radio programs and news coverage and TV programs intended for abroad	2,991,000	
422	01-3-3	News agency services	165,502,000	
423	01-3-3	Expenses of preparing newsreels	23,628,900	
424	01-3-3	News, propaganda, cultural and entertainment programs for Yugoslav workers and emigres abroad	18,943,000	
425	01-3-3	Informing the foreign public over radio and television	19,940,000	
426	01-3-3	International Press Center in Belgrade	8,673,900	
427	01-3-3	Defense-related projects	11,565,200	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
428	01-3-3	Regular maintenance expenses of the Department for Defense Preparations of Radio Yugoslavia	5,184,400	
429	01-3-3	Regular maintenance expenses of the Department for Defense Preparations of the TANJUG News Agency	1,395,800	
		Total Basic Purpose 01		<u>504,201,843</u>
		Total Section 18 (Items 406 through 429)		504,201,843
		Section 19. Federal Committee for Energy and Industry		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
430	01-1-1	Funds for personal incomes of personnel	35,422,413	
431	01-2	Funds for material costs	2,791,600	
432	01-3-1	Funds for personal incomes and other personal benefits of officials	587,233	
433	01-3-2	Expenses of international cooperation within Yugoslavia	1,794,600	
434	01-3-2	Traveling expenses abroad	1,937,171	
435	01-3-2	Compensation of commission members and remuneration of non-staff personnel	299,100	
436	01-3-2	Expenses of holding meetings of the committee	398,800	
437	01-3-2	Membership dues in international organizations	34,320,728	
438	01-3-2	Compensation for overtime	99,700	
439	01-3-2	Purchase of equipment	209,370	
440	01-3-2	Expenses of carrying out the program of the Nuclear Energy Commission of the Federal Executive Council	1,112,650	
441	01-3-2	Preparation of specialized analyses	498,500	
442	01-3-2	Defense-related projects	543,365	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Total Basic Purpose 01		<u>80,015,230</u>
		Total Section 19 (Items 430 through 442)		80,015,230
		Section 20. Federal Committee for Agriculture		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
443	01-1-1	Funds for personal incomes of personnel	88,343,173	
444	01-2	Funds for material costs	3,489,500	
445	01-2	Funds for material costs of border stations	12,462,500	
446	01-3-1	Funds for personal incomes and other personal benefits of officials	554,332	
447	01-3-2	Contribution to the World Food Program WEP	9,251,163	
448	01-3-2	Expenses of international cooperation in water management	897,300	
449	01-3-2	Compensation of members of special commissions	418,740	
450	01-3-2	Expenses of monitoring chemicals for plant pest and disease control	149,550	
451	01-3-2	Expenses of monitoring chemicals for livestock pest and disease control	64,805	
452	01-3-2	Expenses of the Yugoslav Committee for the International Hydrology Program	2,991,000	
453	01-3-2	Administration of measures in the border zone in the field of veterinary science and plant pest and disease control	4,187,400	
454	01-3-2	Expenses of International Cooperation in Agriculture and Forestry	2,791,600	
455	01-3-2	Expenses of holding meetings of the committee	438,680	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
456	01-3-2	For holding seminars, giving courses and preparing enactments in the field of veterinary science and plant pest and disease control	1,994,000	
457	01-3-2	Remuneration of nonstaff personnel in the field of plant pest and disease control at border crossings	329,010	
458	01-3-2	For monitoring movements of plant pests and diseases on the quarantine list	797,600	
459	01-3-2	Membership dues in international organizations	4,147,520	
460	01-3-2	Compensation for overtime in the field of veterinary science at border crossings	199,400	
461	01-3-2	Compensation for overtime in the field of plant pest and disease control at border crossings	299,100	
462	01-3-2	Certification of new varieties and approval of organizing the production of seeds and nursery stock	3,190,400	
463	01-3-2	Remuneration of nonstaff personnel for animal disease and pest control at the border	398,800	
464	01-3-2	For verification and application of new technologies and techniques in agriculture and forest management in accordance with the policy governing economic development in 1982	2,592,200	
465	01-3-2	Preparation and printing of instructions for administering regulations and carrying out measures under the jurisdiction of the Federation	1,296,100	
466	01-3-2	Holding fairs, exhibitions, conferences, symposiums and congresses to promote agriculture	1,694,900	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
467	01-3-2	Monitoring, establishing and carrying on cooperation with countries with which Yugoslavia has intergovernmental committees and commissions, and especially with the developing countries	1,395,800	
468	01-3-2	Purchase of and addition to equipment	1,595,200	
469	01-3-2	Costs of ascertaining the behavior of active ingredients of pesticides	498,500	
470	01-3-2	Operating expenses of the commission and the working bodies of the committee	518,440	
471	01-3-2	Diagnosis of virus diseases	398,800	
472	01-3-2	Final preparation of integrated measures for plant pest and disease control and introduction of nonpesticidal measures to combat plant diseases and pests	1,096,700	
473	01-3-2	Compensation for separation from family	398,800	
474	01-3-2	Share in drafting the program to be proposed for ascertaining the causes and taking steps to prevent large-scale withering of important tree species	498,500	
475	01-3-2	Compensation for work at night and on holidays in the field of veterinary science at border crossings	378,860	
476	01-3-2	Compensation for work at night and on holidays in the field of plant pest and disease control at border crossings	498,500	
477	01-3-2	Contribution to the International Fund for Agricultural Development IFAD	6,804,525	
478	01-3-2	Participation in preparing the publication "Production and Farm Policy--Book II"	199,400	
479	01-3-3	Defense-related projects	997,000	
Total Basic Purpose 01				<u>158,257,793</u>

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Total Section 20 (Items 443 through 479)		158,257,793
		Section 21. Federal Committee for Transportation and Communications		
		Title 1. The Committee		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
480	01-1-1	Funds for personal incomes of personnel	34,021,628	
481	01-2	Funds for material costs	2,492,500	
482	01-3-1	Funds for personal incomes and other personal benefits of officials	4,627,077	
483	01-3-2	Drafting of technical regulations	997,000	
484	01-3-2	Expenses of international cooperation	997,000	
485	01-3-2	Traveling expenses abroad	2,492,500	
486	01-3-2	Compensation for the work of commission members	249,250	
487	01-3-2	Printing of international licenses and permits in the transportation sector	199,400	
488	01-3-2	Purchase of and addition to equipment	299,100	
489	01-3-2	Membership dues in international organizations	15,453,500	
490	01-3-2	Expenses of participation of Jugoregistar specialists on projects of interest to the Federation	2,991,000	
491	01-3-2	Compensation for separation from family	249,250	
492	01-3-2	Costs of meetings of the committee	348,950	
493	01-3-2	Charge for old-age and medical insurance of Yugoslav nationals employed temporarily in the Secretariat of the Danube Commission	533,395	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
494	01-3-2	Maintenance of two-way scheduled air service between Belgrade and Tirana	15,293,980	
495	01-3-2	Maintenance of two-way scheduled air service between Belgrade and Malta	14,516,320	
496	01-3-2	Compensation of airports for work to meet the needs of air traffic safety	12,422,620	
497	01-3-3	For safe navigation in maritime shipping	87,736,000	
498	01-3-3	For safe navigation in river shipping	96,709,000	
499	01-3-3	Defense-related projects	498,500	
500	01-3-3	Funds for the work of the Geomagnetic Institute on projects of interest to the Federation	20,937,000	
501	01-3-3	Funds to cover obligations resulting from passes issued in passenger transportation	119,640,000	
		Total Basic Purpose 01		<u>433,704,970</u>
		Total Title 1		<u>433,704,970</u>
		Title 2. Federal Flight Control Administration		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
502	01-1-1	Funds for personal incomes of personnel	454,024,827	
503	01-2	Funds for material costs	4,985,000	
504	01-3-1	Funds for personal incomes and other personal benefits of officials	1,182,442	
505	01-3-2	Operating expenses of facilities	85,268,425	
506	01-3-2	Rent	2,027,898	
507	01-3-2	Costs of aircraft use	17,946,000	
508	01-3-2	Compensation for work at night, on holidays and overtime	16,949,000	
509	01-3-2	Remuneration of nonstaff personnel	149,550	
510	01-3-2	Costs of vehicle use	12,961,000	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
511	01-3-2	Insurance	6,736,729	
512	01-3-2	Traveling expenses in Yugosla- via	10,967,000	
513	01-3-2	Print shop expenses	707,870	
514	01-3-2	Purchase of clothing and foot- wear	5,563,260	
515	01-3-2	Bank service charges	2,193,400	
516	01-3-2	Traveling expenses abroad	917,240	
517	01-3-2	Membership dues in interna- tional and other organizations	279,160	
518	01-3-2	Purchase of equipment for safety in the workplace	1,694,900	
519	01-3-2	Expenses under guaranties is- sued	79,760	
520	01-3-2	Addition to equipment and fur- nishings	1,994,000	
521	01-3-2	Postage and telegraph and tele- phone service	35,293,800	
522	01-3-2	Property storage and security	3,988,000	
523	01-3-2	Medical examinations and screening of pilots and chauff- eurs	2,501,473	
524	01-3-2	Purchase of school supplies and textbooks for training pro- grams	697,900	
525	01-3-2	Public relations	69,790	
526	01-3-2	Expenses of resurveying air navigation charts	1,146,550	
527	01-3-2	Expenses paid under military regulations	2,413,737	
528	01-3-3	Defense-related projects	249,250	
		Total Basic Purpose 01		<u>672,987,961</u>
		Total Title 2		<u>672,987,961</u>
		Title 3. Federal Administra- tion for Radio Commu- nication		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
529	01-1-1	Funds for personal incomes of personnel	26,923,985	
530	01-2	Funds for material costs	1,156,520	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
531	01-3-1	Funds for personal incomes and other personal benefits of officials	569,287	
532	01-3-2	Compensation for overtime and nighttime work	274,175	
533	01-3-2	Maintenance of monitoring and measuring centers	598,200	
534	01-3-2	Property insurance	1,595,200	
535	01-3-2	Purchase of and addition to equipment	299,100	
536	01-3-2	Motor pool expenses	498,500	
537	01-3-2	Traveling expenses in Yugoslavia	598,200	
538	01-3-2	Traveling expenses abroad	448,650	
539	01-3-2	Purchase of clothing and footwear	34,895	
540	01-3-2	Drafting of specialized and technical regulations, instructions and studies	24,925	
541	01-3-2	Data processing of information and documentation	947,150	
542	01-3-2	Expenses of separation from family	79,760	
543	01-3-2	Expenses of current and capital maintenance of 1/6 of the office space of the Rijeka Monitoring and Measuring Center	239,280	
544	01-3-2	Postage and telegraph and telephone service	717,840	
545	01-3-3	Defense-related projects	199,400	
		Total Basic Purpose 01		<u>35,205,067</u>
		Total Title 3		<u>35,205,067</u>
		Title 4. Federal Aviation Inspectorate		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
546	01-1-1	Funds for personal incomes of personnel	20,657,840	
547	01-2	Funds for material costs	2,648,032	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
548	01-3-1	Funds for personal incomes and other personal benefits of officials	1,088,724	
549	01-3-2	Costs of aircraft and automobile use	3,205,355	
550	01-3-2	Purchase of clothing and footwear	299,100	
551	01-3-2	Expenses of international cooperation	29,910	
552	01-3-2	Traveling expenses abroad	1,844,450	
553	01-3-2	Remuneration of nonstaff personnel	49,850	
554	01-3-2	Traveling and moving expenses	1,994,000	
555	01-3-2	Purchase of and addition to equipment	1,844,450	
556	01-3-2	Translation costs	39,880	
557	01-3-2	Expenses of organizing conferences	9,970	
558	01-3-2	Expenses of specialized education and training	79,760	
559	01-3-2	Compensation for work at night and on holidays	49,850	
560	01-3-2	Public relations	10,967	
561	01-3-2	Charge for personnel transport to and from work	208,373	
562	01-3-2	Studies and analyses	49,850	
563	01-3-2	Membership dues and assessments	99,700	
564	01-3-3	Defense-related projects	19,940	
		Total Basic Purpose 01		<u>34,230,001</u>
		Total Title 4		<u>34,230,001</u>
		Total Section 21 (Items 480 through 564)		1,176,127,999

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Section 22. Federal Committee for Labor, Health and Social Welfare		
		Title 1. The Committee		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
565	01-1-1	Funds for personal incomes of personnel	53,838,000	
566	01-2	Funds for material costs	1,096,700	
567	01-3-1	Funds for personal incomes and other personal benefits of of- ficials	572,278	
568	01-3-2	Traveling expenses abroad	3,329,980	
569	01-3-2	Traveling expenses in Yugosla- via	917,240	
570	01-3-2	Traveling expenses of foreign specialists and their Yugoslav escorts, expenses related to meetings and negotiations with foreign delegations and diplo- matic and other representa- tives	984,039	
571	01-3-2	Compensation for the work of members of standing special- ized commissions	459,617	
572	01-3-2	Expenses of holding meetings of the committee and its consti- tuent bodies to prepare the health service for nationwide defense	598,200	
573	01-3-2	Costs of publishing reports of the labor inspectorate and public health inspectorate	159,520	
574	01-3-2	Membership dues in interna- tional organizations	54,415,263	
575	01-3-2	Certain projects in the field of pharmaceutical service and medical supply of interest to the Federation which will be contracted out to appropriate professional institutions	947,150	
576	01-3-2	Purchase of and addition to equipment	697,900	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
577	01-3-2	Translation of material from foreign languages	99,700	
578	01-3-2	Purchase of specialized literature	87,736	
579	01-3-2	Remuneration of parttime and nonstaff personnel	1,296,100	
580	01-3-2	Compensation for overtime related to public health control at the border	249,250	
581	01-3-2	Rent and maintenance on office space for border public health control	797,600	
582	01-3-2	Purchase of uniforms for border public health inspectors	175,472	
583	01-3-2	Expenses of protecting the country against the importation of infectious diseases	2,991,000	
584	01-3-2	Expenses of analyzing medical drugs	448,650	
585	01-3-2	Expenses related to public health control at the border	1,694,900	
586	01-3-2	Expenses of medical treatment of foreign nationals in Yugoslavia	571,281	
587	01-3-2	Protection against ionizing radiations	149,550	
588	01-3-2	Material support and housing of refugees	7,280,094	
589	01-3-2	Certain projects in the field of health care of direct interest to performance of federal functions which will be contracted out to the Federal Bureau for Health Care	17,946,000	
590	01-3-2	Expenses of monitoring pollution of international and interrepublic waters	1,096,700	
591	01-3-2	Operating expenses of the interarea working group to coordinate the effort of federal agencies in carrying out the decision of the United Nations World Conference of the International Year of Women	997,000	
592	01-3-2	Yugoslavia's obligations as a member of the World Health Organization	99,700	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
593	01-3-2	Expenses of preparing the Yugoslav Pharmacopoeia	1,196,400	
594	01-3-2	Expenses of preparing regulations on health standards governing foodstuffs and articles for personal hygiene	997,000	
595	01-3-3	Funding programs directed toward Yugoslav nationals working abroad	9,970,000	
596	01-3-3	Funds for the May Day Prizes	1,994,000	
597	01-3-3	Defense-related projects	179,460	
		Total Basic Purpose 01		<u>168,333,480</u>
		Total Title 1		<u>168,333,480</u>
		Title 2. Federal Bureau for Employment Security		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
598	01-1-1	Funds for personal incomes of personnel	19,765,525	
599	01-2	Funds for material costs	2,093,700	
600	01-3-2	Material costs of standing joint commissions which Yugoslavia has with foreign countries	907,270	
601	01-3-2	Compensation for separation from family of social workers abroad and expenses of sending those social workers abroad	6,979,000	
602	01-3-2	Expenses of printing and publishing bulletins and reports	560,314	
603	01-3-2	Official trips in Yugoslavia	1,355,800	
604	01-3-2	Compensation for overtime and nighttime work	19,940	
605	01-3-2	Traveling expenses abroad	1,994,000	
606	01-3-2	Purchase of specialized literature	99,700	
607	01-3-2	Purchase of and addition to equipment	299,100	
608	01-3-2	Educating and bringing up the children of Yugoslavs employed abroad temporarily	1,744,750	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
609	01-3-3	Defense-related projects	79,760	
		Total Basic Purpose 01		<u>35,938,859</u>
		Total Title 2		<u>35,938,859</u>
		Total Section 22 (Items 565 through 609)		204,272,339
		Section 23. Federal Committee for Affairs of War Veterans and Military Disabled		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
610	01-1-1	Funds for personal incomes of personnel	5,968,042	
611	01-2	Funds for material costs	398,800	
612	01-3-1	Funds for personal incomes and other personal benefits of officials	2,121,616	
613	01-3-2	Traveling expenses abroad	214,355	
614	01-3-2	Traveling expenses in Yugoslavia	148,553	
615	01-3-2	Translation of disability and other documents and materials from foreign languages	42,871	
616	01-3-2	Expenses of holding meetings of the committee	97,706	
617	01-3-3	Care of graves and cemeteries of Yugoslav war casualties and veterans	2,941,150	
		Total Basic Purpose 01		<u>11,933,093</u>
		Basic Purpose 05--Obligations To Finance Social Services		
618	05-9	Funds for preferential old-age pensions (not including military old-age pensions) in the context of the provisions of the Law on Obligations of the Federation for Old-Age Pensions of War Veterans	20,437,282,400	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
619	05-9	Funds for disability benefits of military disabled	5,408,824,700	
620	05-9	Funds for health care of military disabled	1,268,283,700	
621	05-9	Funds for the war veteran's supplement	133,797,400	
622	05-9	Compensation paid to holders of the 1941 Partisan Commemorative Medal and other decorations	373,177,400	
623	05-9	Disability benefits of recipients abroad	43,967,700	
624	05-9	Expenses of transferring payments and records on beneficiaries of the basic old-age and disability rights of the republic and province	49,850,000	
Total Basic Purpose 05				<u>27,715,183,000</u>
Total Section 23 (Items 610 through 624)				27,727,116,393
Section 24. Federal Committee for Legislation				
Basic Purpose 01--Funds for Operation of Administrative Agencies				
625	01-1-1	Funds for personal incomes of personnel	14,511,335	
626	01-2	Funds for material costs	398,800	
627	01-3-1	Funds for personal incomes and other personal benefits of officials	503,485	
628	01-3-2	Compensation for separation from family	169,490	
629	01-3-2	Traveling expenses in Yugoslavia of members of the committee and of its constituent bodies	598,200	
630	01-3-2	Public relations	24,925	
631	01-3-2	Remuneration of nonstaff personnel	199,400	
632	01-3-2	Commission for Legal Affairs of CEMA	398,800	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Total Basic Purpose 01		<u>16,804,435</u>
		Total Section 24 (Items 625 through 632)		16,804,435
		Section 25. Federal Customs Administration		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
633	01-1-1	Funds for personal incomes of personnel	1,317,604,293	
634	01-2	Funds for material costs of the Federal Customs Administration	14,456,500	
635	01-2	Funds for material costs of customhouses	108,673,000	
636	01-3-1	Funds for personal incomes and other personal benefits of officials	1,389,818	
637	01-3-2	Rent	14,257,100	
638	01-3-2	Reimbursement of loss under Articles 252, 283 and 356 of the Customs Law	498,500	
639	01-3-2	Traveling expenses abroad	498,500	
640	01-3-2	Compensation for the work of customs examination outside the town where the customhouse is located	2,113,640	
641	01-3-2	Maintenance of buildings, train platforms and other structures	2,941,150	
642	01-3-2	Purchase of clothing and footwear	20,937,000	
643	01-3-2	Membership dues in international organizations	1,595,200	
644	01-3-2	Expenses of maintaining the Electronic Computer Center	22,332,800	
645	01-3-2	Expenses of preventing customs crimes and operation and maintenance of equipment	5,982,000	
646	01-3-2	Expenses of the boarding school	1,645,050	
647	01-3-2	Expenses of regular examinations of personnel	1,994,000	
648	01-3-2	Expenses of ensuring personnel	1,994,000	
649	01-3-2	Compensation for overtime work in customhouses	149,550	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
650	01-3-2	Rewards for detection of customs violations	1,495,500	
651	01-3-2	Defense-related projects	1,994,000	
		Total Basic Purpose 01		<u>1,522,551,601</u>
		Total Section 25 (Items 633 through 651)		1,522,551,601
		Section 26. Federal Bureau for Social Planning		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
652	01-1-1	Funds for personal incomes of personnel	46,117,232	
653	01-2	Funds for material costs	5,982,000	
654	01-3-1	Funds for personal incomes and other personal benefits of officials	1,190,418	
655	01-3-2	Traveling expenses abroad	498,500	
656	01-3-2	Periodicals and other publications	498,500	
657	01-3-2	Remuneration of nonstaff personnel and expenses of surveys	498,500	
658	01-3-2	Purchase of and addition to equipment	1,794,600	
659	01-3-2	Compensation for overtime	598,200	
660	01-3-2	Preparation of expert evaluations and other documents	498,500	
661	01-3-2	Professional consultations and conferences	498,500	
662	01-3-2	Publication of the bulletin "World Economic Trends and Their Impact on the Yugoslav Economy"	4,028,877	
663	01-3-2	Methodological research	3,398,773	
664	01-3-3	Defense-related projects	199,400	
		Total Basic Purpose 01		<u>65,802,000</u>
		Total Section 26 (Items 652 through 664)		65,802,000

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Section 27. Federal Community for Price Affairs		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
665	01-1-1	Funds for personal incomes of personnel	11,472,479	
666	01-2	Funds for material costs	1,196,400	
667	01-3-1	Compensation for personal in- comes and other benefits of officials	3,694,882	
668	01-3-2	Costs of printing publications	59,820	
669	01-3-2	Compensation for overtime	182,451	
670	01-3-2	Purchase of equipment	164,505	
671	01-3-2	Expenses of holding meetings of the Community's Council	1,794,600	
672	01-3-2	Expenses of professional coop- eration with the organs of communities for price affairs of the republics and provinces	119,640	
673	01-3-2	Costs of preparing materials to elaborate upcoming sublegal regulations	79,760	
674	01-3-2	Traveling expenses abroad	79,760	
675	01-3-2	Translation into the languages of the nationalities and eth- nic minorities	29,910	
676	01-3-3	Defense-related projects	49,850	
		Total Basic Purpose 01		<u>18,924,057</u>
		Total Section 27 (Items 665 through 676)		18,924,057
		Section 28. Federal Bureau of Statistics		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
677	01-1-1	Funds for personal incomes of personnel	126,020,800	
678	01-2	Funds for material costs	11,993,910	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
679	01-3-1	Funds for personal incomes and other personal benefits of officials	2,210,349	
680	01-3-2	Fire control and workplace health and safety	135,592	
681	01-3-2	Traveling expenses abroad	598,200	
682	01-3-2	Membership dues in international organizations	15,952	
683	01-3-2	Expenses of statistical research	6,480,500	
684	01-3-2	Expenses of the Automatic Data Processing Center	5,284,100	
685	01-3-2	Leasing of machines for automatic data processing	3,389,800	
686	01-3-2	Expenses of publishing activity	6,979,000	
687	01-3-2	Maintenance of buildings, equipment and furnishings	548,350	
688	01-3-2	Rent	4,985,000	
689	01-3-2	Expenses of the personnel development program	997,000	
690	01-3-2	Compensation for overtime	797,600	
691	01-3-3	Expenses of the population, household and housing census	64,904,700	
692	01-3-3	Defense-related projects	184,445	
		Total Basic Purpose 01		<u>235,525,298</u>
		Total Section 28 (Items 677 through 692)		235,525,298
		Section 29. Federal Bureau for International Scientific, Educational and Cultural, and Technical Cooperation		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
693	01-1-1	Funds for personal incomes of personnel	29,939,910	
694	01-2	Funds for material costs	2,492,500	
695	01-3-1	Funds for personal incomes and other personal benefits of officials	1,134,586	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
696	01-3-2	Compensation for separation from family	167,496	
697	01-3-2	Addition to and replacement of equipment	498,500	
698	01-3-2	Membership dues in international organizations	125,622,000	
699	01-3-2	Contribution to the United Nations mission in Yugoslavia	7,976,000	
700	01-3-3	Expenses of regular schooling, advanced specialized training and study trips of foreign nationals in Yugoslavia	59,820,000	
701	01-3-3	Expenses of preparing specialists for departure, participation in the salaries of Yugoslav specialists and aid in organizing the Center for Training Personnel in the Developing Countries	44,865,000	
702	01-3-3	Preparation of studies, expert evaluations, technical documentation, publications, international seminars, special courses for the developing countries and the production of films	4,536,350	
703	01-3-3	Cultural and educational cooperation with the developing countries	10,967,000	
704	01-3-3	International seminar entitled "The University Today"--participation of the representatives from the developing countries	149,550	
705	01-3-3	International negotiations and meetings of joint commissions, traveling expenses in Yugoslavia and abroad	4,985,000	
706	01-3-3	Translation and copying of studies, reports, analyses and other materials	658,020	
707	01-3-3	Compensation for health care services rendered to the personnel of the United Nations mission in Yugoslavia	49,850	

Balance Sheet (continued)

1	2	3	4	5
708	01-3-3	Compensation for certain tasks in the jurisdiction of the Federation performed by the Yugoslav Bibliographic Institute	1,246,250	
709	01-3-3	Information program	2,492,500	
710	01-3-3	Center for Guidance and Organization of Mutual Cooperation of the Nonaligned Countries in the Fields of Science and Technology	4,985,000	
711	01-3-3	Defense-related projects	59,820	
		Total Basic Purpose 01		<u>302,645,332</u>
		Total Section 29 (Items 693 through 711)		302,645,332
		Section 30. Federal Hydrometeorology Bureau		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
712	01-1-1	Funds for personal incomes of personnel	106,048,896	
713	01-2	Funds for material costs	7,976,000	
714	01-3-2	Compensation for work on Sunday, at night and on holidays	5,982,000	
715	01-3-2	Compensation of Radio Belgrade for broadcasting water levels on the Danube	2,991,000	
716	01-3-2	Expenses of telecommunications	8,973,000	
717	01-3-2	Traveling expenses abroad	348,950	
718	01-3-2	Membership dues in international organizations	19,940,000	
719	01-3-2	Addition to equipment	498,500	
720	01-3-2	Printing the Yearbook, the Climate Atlas and other specialized publications	2,492,500	
721	01-3-2	Funding the program for the meteorological and hydrological water storage FIERZA on the territory of the SFRY	2,492,500	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
722	01-3-2	Maintenance of buildings, equipment and furnishings	4,486,500	
723	01-3-2	Traveling expenses in Yugosla- via	997,000	
724	01-3-2	Purchase of clothing and foot- wear	997,000	
725	01-3-2	Motor vehicle maintenance and fuel	897,300	
726	01-3-2	Rent on office space	3,172,454	
727	01-3-2	Expenses of training hydromete- orologists	498,500	
728	01-3-2	Funding the program of Yugosla- via's participation in the Alps Experiment--Yugoslavia's partial participation in 1982	9,970,000	
729	01-3-2	Funding the project--Regional Development and Implementation of HMOS [Hydrological, (?) Oceanographic and Meteorologi- cal Service] Components of the World Meteorology Organiza- tion--Yugoslavia's partial participation in 1982	1,495,500	
730	01-3-2	Funding the program for ongoing monitoring and evaluation of the transport of pollutants in the atmosphere (EMEP)	1,994,000	
731	01-3-3	Defense-related projects	199,400	
		Total Basic Purpose 01		<u>182,451,000</u>
		Total Section 30 (Items 712 through 731)		182,451,000
		Section 31. Federal Bureau for Standardization		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
732	01-1-1	Funds for personal incomes of personnel	37,536,053	
733	01-2	Funds for material costs	2,243,250	
734	01-3-2	Expenses of preparing and dis- tributing Yugoslav standards and technical specifications	7,976,000	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
735	01-3-2	Translation of Yugoslav standards into the languages of the nationalities and ethnic minorities of Yugoslavia	3,988,000	
736	01-3-2	Membership dues in international organizations	3,585,212	
737	01-3-2	Purchase of equipment related to translation of Yugoslav standards	797,600	
738	01-3-2	Expenses of the Commission for Standardization of Motor Vehicles	2,991,000	
739	01-3-2	Expenses of drafting regulations for construction, rehabilitation and revitalization of structures in seismically active regions	1,595,200	
740	01-3-2	Expenses of dimensional coordination in construction	997,000	
741	01-3-2	Expenses of administering the certification system	2,991,000	
742	01-3-3	Defense-related projects	99,700	
		Total Basic Purpose 01		<u>64,800,015</u>
		Total Section 31 (Items 732 through 742)		64,800,015
		Section 32. Federal Bureau for Patents		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
743	01-1-1	Funds for personal incomes of personnel	30,432,428	
744	01-2	Funds for material costs	2,464,584	
745	01-3-1	Funds for personal incomes and other personal benefits of officials	1,556,317	
746	01-3-2	Expenses of printing patent documents	2,442,650	
747	01-3-2	Traveling expenses abroad	498,500	
748	01-3-2	Purchase of and addition to equipment	2,941,150	
749	01-3-2	Printing the patent herald	1,296,000	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
750	01-3-2	Preparation of forms and materials for photocopying	398,800	
751	01-3-2	Receiving and sending patent documentation	338,980	
752	01-3-2	Expenses of publishing activity	39,880	
753	01-3-2	Costs of the information system of the Federal Bureau for Patents	1,744,750	
754	01-3-2	Expenses of the Council of the Federal Bureau for Patents	149,550	
755	01-3-2	Maintaining and servicing equipment	299,100	
756	01-3-2	Purchase of specialized literature	398,800	
757	01-3-2	Translation of international patent documentation and classification	39,880	
758	01-3-2	Expenses of the Federal Coordinating Committee for Creativity	393,815	
759	01-3-3	Defense-related projects	39,880	
		Total Basic Purpose 01		<u>45,475,164</u>
		Total Section 32 (Items 743 through 759)		45,475,164
		Section 33. Federal Bureau for Standards and Measures and Precious Metals		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
760	01-1-1	Funds for personal incomes of personnel	96,542,501	
761	01-2	Funds for material costs	7,477,500	
762	01-3-1	Funds for personal incomes and other personal benefits of officials	1,342,959	
763	01-3-2	Rent	997,000	
764	01-3-2	Purchase of rubber stamps and expendable stock items	3,050,820	
765	01-3-2	Expenses of upgrading the service	598,200	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
766	01-3-2	Membership dues in international organizations	1,004,976	
767	01-3-2	Traveling expenses in Yugoslavia	18,693,750	
768	01-3-2	Traveling expenses abroad	99,700	
769	01-3-2	Expenses of international cooperation	34,895	
770	01-3-2	Costs of publications issued	1,395,800	
771	01-3-2	Expenses of current building maintenance	7,477,500	
772	01-3-2	Costs of telecommunications	398,800	
773	01-3-2	Drafting of specialized technical specifications, sublegal enactments and instructions in the field of metrology	299,100	
774	01-3-2	Operating expenses of the council and working bodies to coordinate work and carry on cooperation in the field of metrology	249,250	
775	01-3-2	Expenses of truck maintenance	1,994,000	
776	01-3-2	Public relations	19,940	
777	01-3-2	Purchase of protective clothing and footwear	498,500	
778	01-3-2	Purchase of professional publications and literature	299,100	
779	01-3-2	Nonautomatic data processing	348,950	
780	01-3-2	Expenses of translation into the languages of the nationalities and ethnic minorities of Yugoslavia and into and from foreign languages	398,800	
781	01-3-2	Expenses of printing forms related to earning income	1,994,000	
782	01-3-2	Expenses of information program	149,550	
783	01-3-2	Purchase of spare parts and technical supplies	997,000	
784	01-3-2	Addition to and replacement of equipment	2,991,000	
785	01-3-3	Defense-related projects	299,100	
Total Basic Purpose 01				<u>149,652,691</u>
Total Section 33 (Items 760 through 785)				149,652,691

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Section 34. Federal Geology Bureau		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
786	01-1-1	Funds for personal incomes of personnel	5,138,538	
787	01-2	Funds for material costs	623,125	
788	01-3-2	Expenses of the standing dele- gation for cooperation with CEMA in the field of geology	348,350	
789	01-3-2	Expenses of the Yugoslav Com- mittee for the International Program of Geological Correla- tion	697,900	
790	01-3-2	Preparation and printing of the Comprehensive Geological Map of Yugoslavia	7,976,000	
791	01-3-2	Expenses of the Commission for the Comprehensive Geological Map of Yugoslavia	119,640	
792	01-3-2	Purchase of equipment	237,286	
793	01-3-2	Expenses of compiling the bal- ance of mineral raw materials and subsurface water of the SFRY and preparation of the analysis of the SFRY's raw ma- terials base	897,300	
794	01-3-2	Administering and maintaining the repository of specialized documentation on the results of geological explorations	31,844	
		Total Basic Purpose 01		<u>16,289,983</u>
		Total Section 34 (Items 786 through 794)		16,289,983

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Section 35. Yugoslav Archives		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
795	01-1-1	Funds for personal incomes of personnel	20,370,704	
796	01-2	Funds for material costs	3,988,000	
797	01-3-2	Compensation for separation from family	59,820	
798	01-3-2	Compensation for overtime	951,138	
799	01-3-2	Public relations	59,820	
800	01-3-2	Costs of protecting archive ma- terials in case of war	697,900	
801	01-3-2	Membership dues in the interna- tional fund for development of archives	5,982	
802	01-3-2	Expenses of maintaining build- ings, equipment and furnish- ings	179,460	
803	01-3-2	Traveling expenses abroad	348,950	
804	01-3-2	Expenses of preparing the proj- ect	797,600	
805	01-3-2	Publishing expenses	1,196,400	
		Total Basic Purpose 01		<u>28,655,774</u>
		Total Section 35 (Items 795 through 805)		28,655,774
		Section 36. Department To Ren- der Services To Meet the Public Relations Needs of Federal Bodies and Agencies		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
806	01-1-1	Funds for personal incomes of personnel	117,085,686	
807	01-2	Funds for material costs	5,882,300	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
808	01-3-1	Funds for personal incomes and other personal benefits of officials	1,414,743	
809	01-3-2	Expenses of maintaining structures and equipment	94,715,000	
810	01-3-2	Expenses of maintaining and improving the Jelen Hunting and Forest Preserve, Belgrade	34,895,000	
811	01-3-2	Expenses of maintaining and improving the Koprivnica Hunting and Forest Preserve, Bugojno	4,486,500	
812	01-3-2	Compensation for overtime and nighttime work and remuneration of nonstaff personnel	6,480,500	
813	01-3-3	Defense-related projects	1,994,000	
		Total Basic Purpose 01		<u>266,953,729</u>
		Total Section 36 (Items 806 through 813)		266,953,729
		Section 37. Department for Administrative and Accounting Functions of Federal Administrative Agencies and Federal Organizations		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
814	01-1-1	Funds for personal incomes of personnel	77,465,903	
815	01-2	Funds for material costs	12,961,000	
816	01-3-1	Funds for personal incomes and other personal benefits of officials	699,894	
817	01-3-2	Expenses of franking the mail	2,791,600	
818	01-3-2	Spare parts for printing presses and supplies	2,592,200	
819	01-3-2	Compensation for overtime and nighttime work	2,991,000	
820	01-3-2	Remuneration of nonstaff personnel	199,400	
821	01-3-2	Purchase of equipment	9,970,000	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Total Basic Purpose 01		<u>109,670,997</u>
		Total Section 37 (Items 814 through 821)		109,670,997
		Section 38. Administration for Management of Office Buildings of Federal Bodies and Agencies		
		Basic Purpose 01--Funds for Operation of Administrative Agencies		
822	01-1-1	Funds for personal incomes of personnel	146,656,706	
823	01-2	Funds for material costs	6,311,010	
824	01-3-1	Funds for personal incomes and other personal benefits of officials	971,078	
825	01-3-2	Overhead expenses related to maintenance of buildings and equipment	204,365,000	
826	01-3-2	Purchase of equipment and reconstruction projects	95,213,500	
827	01-3-2	Insurance on buildings and equipment	11,964,000	
828	01-3-2	Telephone expenses of joint switchboards	9,970,000	
829	01-3-2	Compensation for overtime and nighttime work	3,988,000	
830	01-3-2	Work clothes, footwear and equipment for workplace health and safety	4,137,550	
831	01-3-2	Contribution for use of municipal land	9,970,000	
832	01-3-2	Transport services	5,982,000	
833	01-3-2	Expenses of establishing special telephone communications	6,979,000	
834	01-3-3	Defense-related projects	997,000	
		Total Basic Purpose 01		<u>507,524,844</u>
		Total Section 38 (Items 822 through 834)		507,524,844

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Section 39. Garage of Federal Bodies and Agen- cies		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
835	01-1-1	Funds for personal incomes of personnel	61,543,813	
836	01-2	Funds for material costs	3,108,646	
837	01-3-2	Compensation for overtime	7,976,000	
838	01-3-2	Purchase of spare parts and ex- penditures for miscellaneous purposes	43,868,000	
839	01-3-2	Purchase of equipment and auto- mobiles	7,976,000	
840	01-3-2	Purchase of tools and pieces of equipment	1,096,700	
841	01-3-3	Purchase of transportation equipment for national defense purposes	15,952,000	
		Total Basic Purpose 01		<u>141,521,159</u>
		Total Section 39 (Items 835 through 841)		141,521,159
		Section 40. Department of Translation		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
842	01-1-1	Funds for personal incomes of personnel	53,369,410	
843	01-2	Funds for material costs	4,187,400	
844	01-3-1	Funds for personal incomes and other personal benefits of of- ficials	526,416	
845	01-3-2	Compensation for overtime and nighttime work	2,991,000	
846	01-3-2	Remuneration of nonstaff per- sonnel	2,991,000	
847	01-3-2	Compensation for separation from family	1,296,100	

Balance Sheet (continued)

1	2	3	4	5
848	01-3-2	Traveling expenses abroad	658,020	
849	01-3-2	Advanced professional training, specialization of translators in foreign languages	598,200	
850	01-3-2	Purchase of and addition to equipment	2,991,000	
851	01-3-2	Funds to establish the termi- nology bank	997,000	
852	01-3-3	Defense-related projects	99,700	
		Total Basic Purpose 01		<u>70,705,246</u>
		Total Section 40 (Items 842 through 852)		70,705,246
		Section 41. Administration of Brioni Islands		
		Basic Purpose 01--Funds for Op- eration of Administrative Agencies		
853	01-1-1	Funds for personal incomes of personnel	44,201,995	
854	01-2	Funds for material costs	27,649,801	
855	01-3-2	Compensation for personal in- come of seasonal and nonstaff personnel	11,204,286	
856	01-3-2	Compensation for overtime	1,512,449	
857	01-3-2	Expenses of maintaining struc- tures and equipment	38,883,000	
858	01-3-2	Purchase of equipment and fur- nishings	2,991,000	
		Total Basic Purpose 01		<u>126,442,531</u>
		Total Section 41 (Items 853 through 858)		126,442,531

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Section 42. Supplemental Funds to Sociopolitical and Public Organi- zations		
		Basic Purpose 06--Other General Public Purposes		
		Sociopolitical Organizations		
		Subsidy to the Central Commit- tee of the League of Commu- nists of Yugoslavia		
859	06-2	International activity	11,964,000	
860	06-2	Defense-related projects	1,794,600	
861	06-2	Financing the program for scholarly documentation on the international working class movement	4,985,000	
862	06-2	Newspaper KOMUNIST	69,790,000	
863	06-2	Bulletin JUGOSLAVENSKI POLI- TICKI MJESECNIK [YUGOSLAV POLITICAL MONTHLY]	3,489,500	
864	06-2	Program for financing publish- ing activities directed abroad	10,568,200	
865	06-2	Financing operation of the Josip Broz Tito Political School in Kumrovec	19,940,000	
866	06-2	Publishing the collected works of Josip Broz Tito	9,970,000	
867	06-2	12th LCY Congress	19,940,000	
		Subsidy to the Federal Confer- ence of the Socialist Alliance of Working People of Yugosla- via		
868	06-2	Funding the program	99,700,000	
869	06-2	Holding the 11th International Seminar of Women in Yugoslavia	2,881,330	
870	06-2	Subsidy to the newspaper BORBA	113,658,000	
871	06-2	For election campaign in 1982	598,200	
872	06-2	For the magazine JUGOSLAVENSKI PREGLED [YUGOSLAV SURVEY]-- Serbo-Croatian edition	4,985,000	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
873	06-2	For the magazine MEDJUNARODNA POLITIKA [INTERNATIONAL POLITICS]--Serbo-Croatian edition	3,988,000	
874	06-2	For the magazine ZENA DANAS [WOMAN TODAY]	1,694,900	
875	06-2	Funding the program of the Yugoslav Federation for Environmental Protection	4,985,000	
876	06-2	Funding the program of the Federal Conference entitled "The Local Community and the Family"	1,994,000	
877	06-2	Financing particularly important international activities of public organizations and civic associations	997,000	
		Subsidy to the Presidium of the Conference of the Socialist Youth League of Yugoslavia		
878	06-2	Funding the Conference's program	42,871,000	
879	06-2	Celebrating Youth Day	21,934,000	
880	06-2	Financing the international activities of collective members of the Socialist Youth League of Yugoslavia	1,994,000	
881	06-2	For the newspaper MLADOST [YOUTH]	14,755,600	
882	06-2	For the magazine IDEJE [IDEAS]	3,688,900	
883	06-2	For the Youth Labor Festival	1,196,400	
884	06-2	11th Congress of the Socialist Youth League of Yugoslavia	13,958,000	
		Subsidy to the Federation of Associations of Veterans of the National Liberation War of Yugoslavia		
885	06-2	Funding the Federation's program	28,813,300	
886	06-2	For the newspaper 4 JUL [4TH OF JULY]	8,973,000	
887	06-2	Ninth Congress of the Federation of Associations of Veterans of the National Liberation War of Yugoslavia	9,970,000	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Subsidy to the Yugoslav Red Cross		
888	06-2	Funding the Presidium's program	17,946,000	
889	06-2	Missing persons service	1,694,900	
890	06-2	Membership in the league, International Red Cross Committee	1,420,725	
891	06-2	Defense-related projects	1,655,020	
892	06-2	Meeting of Red Cross youth	997,000	
893	06-2	Center for training Red Cross and Red Crescent personnel from and in the developing countries and nonaligned countries	2,991,000	
894	06-2	International humanitarian grants in aid for natural and other major disasters	997,000	
		Subsidy to the Yugoslav League for Peace, Independence and Equality of Nations		
895	06-2	Funding the League's program	2,991,000	
		Subsidy to the Yugoslav Federation of United Nations Associations		
896	06-2	Funding the Federation's program	847,450	
		Subsidy to the Federation of Reserve Military Officers of Yugoslavia		
897	06-2	Funding the Federation's program	10,368,800	
898	06-2	Federal conference in 1982 at which elections are to be held	1,495,500	

Balance Sheet (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
		Physical Fitness Federation of Yugoslavia		
899	06-2	Expenses of Yugoslavia's international activities in the field of physical fitness	127,616,000	
900	06-2	Extraordinary program of sporting events being conducted only in 1982	30,508,200	
		Popular Technology--Federation of Organizations for Popular Technical Education of Yugoslavia		
901	06-2	For international activities of Yugoslavia in the field of popular technical education	10,229,220	
		Yugoslav Firefighters Federation		
902	06-2	For fire protection	1,111,655	
		Total Basic Purpose 06-2		<u>748,946,400</u>
		Total Section 42 (Items 859 through 902)		748,946,400

III. Final Provision

Article 5

This budget shall take effect on 1 January 1982.

7045

CSO: 2800/188

ECONOMIC RELATIONS WITH JORDAN, SYRIA, LEBANON, CYPRUS

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 6 Jan 82 p 3

[Article by V. Karakasevic: "Previous Attainment the Basis for 1982"]

[Text] On the threshold of 1982, when balance sheets are being drawn up and plans compiled on the basis of experiences from the previous period, one experience related to economic cooperation with the countries of the Near East region contains a caution: often we have gone onto a market without being sufficiently familiar with its conditions and have experienced "surprises," and often we have also been uncompetitive with goods and bids on capital investment projects. And the proof that we can overcome these shortcomings lies in results which are just as significant as they are modest.

Jordan: Insufficient Familiarity With the Market

Commodity trade is the principal form of economic cooperation between Yugoslavia and this country, and it takes place on a relatively modest scale with a slow growth trend and pronounced surplus on our side. The volume of trade in 1980 reached the record amount of \$37.7 million, and in 9 months of 1981 it reached \$20.68 million, within which Yugoslav exports comprised about \$15 million. There are about 100 products on the list of our exports, and the trend is toward expansion. Foodstuffs, broilers, canned fish products, confectionery products, various juices, and so on have a share of 45 percent, conifer and beech lumber 14 percent, and the motor vehicle industry, highway trailers and parts for trailers and vehicles 10 percent. In previous years the list of our imports was traditionally very restricted: crude phosphates were the only important product, comprising 99 percent of imports from Jordan in 1980. In the first 9 months of 1981 we might mention among the significant exports chicken, which amounted to \$2.78 million, baby beef \$1.98 million, miscellaneous paper and cardboard \$31.34 million, and so on.

In 1981 there was a drop in the total volume of commodity trade by comparison with the first 9 months of 1980; our exports showed a drop of 17.8 percent, while imports dropped 13.5 percent. The decline of our exports occurred because there were no deliveries of building materials at all, an export item worth \$1.3 million in 1980. Exports of furniture were drastically reduced (in 1980 furniture had a share of \$4.9 million in exports, but in the first 9 months of 1981 its share was only \$822,000).

Among the well-known reasons often emphasized as causes of the slower growth (high prices, shortage of goods, price disparities), there are also other reasons involved, above all insufficient familiarity with and research on Jordan's market, which traditionally has been oriented toward imports from the West. On the Yugoslav side this market is "covered" by the activity of the joint business promotion bureau in Beirut.

Prospects for 1982 are considerably better, and total commodity trade of \$40 million is planned on approximately balanced terms.

Cooperation in construction of capital investment projects was almost entirely nonexistent until the beginning of this year, and one of the more important as well as recent projects was the King Talal Dam, which was completed 2 years back. Between 1979 and 1981 about 40 bids were submitted, but not a single contract was concluded. However, the number of bids indicates the existence of interest, even though they are considerably threatened by the very strong competition of firms from the West and by the penetration of those from the Far East. Let us also mention here the old shortcomings--inadequate researching of the market and the way business is done in the context of the liberal Jordanian economy. The first steps were taken toward adaptation to the conditions of that market only in 1981, and the results did not fail to appear, as indicated by the two contracts concluded (Partizanski Put and Naftagas), along with the realistic prospects for concluding still another which would be carried out by MINEL.

As far as these higher forms of cooperation are concerned, the Jordanian side expressed interest at the meeting held recently of the joint commission (9-12 November 1981) when it submitted a list of projects which would be carried out on the basis of joint ventures. It encompassed 60 projects, the largest of which are held by public companies, while the smaller are in the hands of private entrepreneurs.

Syria: Absence of Higher Forms of Cooperation

Economic cooperation with Syria, in spite of the good political relations, is lagging behind the capabilities and interests of the two countries. This observation has been arrived at in a number of contracts at the highest government and party level. Economic cooperation has lost some of its diversity, since over the last 2 years it has been based exclusively on commodity trade. In the 1976-1981 period it had two features: fluctuations in its growth and a very pronounced surplus on our side. The makeup of our exports in 1980 was very favorable, covering as it did about 140 different products and characterized by a concentration on several commodity groups (products of the textile, metal manufacturing, electrical products and wood industries), which comprised about 80 percent of exports. The makeup of imports, on the other hand, is very restricted and comes down to only a few products, mainly raw materials (raw cotton, raw hides and crude phosphates). In the first 9 months of 1981 Yugoslav exports were \$23.3 million and imports \$11.1 million, which represents a 6-percent growth of exports and a growth of imports that is all of 180 percent over the same period of last year. Here again we will mention our shortcomings: shortage of goods, uncompetitiveness, etc., but also the objective difficulties, which come down to retention of the restrictive measures on imports in Syria,

the traditional orientation toward imports from the markets of the West, and the heightened interest of the East European countries in that market.

The projection of foreign trade for 1982 anticipated trade of about \$35 million with Syria, within which our exports were to reach \$25 million, and the present makeup and diversification were assumed, and the principal import item was to be raw cotton (\$8.5 million), and the remaining \$1.5 million were to go to purchase other raw materials and semifinished products.

In the last 3 years construction crews have been employed on only one capital investment project--construction of the second phase of the port of Latakia (contractor: POMGRAD of Split). The contract was concluded in 1979, and the project was turned over to the investor 8 months ahead of schedule, this past June. The datum that about 30 different bids have been submitted over the last 3 years is indication of the great interest of our construction contractors.

Lebanon: Only One Import Item--Leather

Commodity trade is also the most significant segment of overall economic relations with this Arab country. In the period 1977-1980 commodity trade was characterized by a steady growth of our exports and by a decline of our imports, so that in 1981 (first 9 months) total trade amounted to \$14.3 million, our exports making up \$13, which was a drop of 45 percent, and our imports \$1.3 million, an increase of 17 percent over the same period of last year. There are 100 products on the list of exports, while imports both last year and this year come down solely to leather. The decline in our exports this year occurred not only because of the well-known subjective shortcomings, but also in good part because of the disrupted economic and political situation there. In view of that situation the total volume of commodity trade planned with Lebanon is \$21 million, within which our exports are supposed to reach \$15 million.

The beginnings of cooperation in construction of capital investment projects were recorded in the sixties, and then in 1975 there was a lag because of the political situation in that country, but in 1979 cooperation revived when Pelagonia, an organization from Skopje, was awarded a contract worth about \$20 million to do construction work on a shopping center in Beirut.

Cyprus: Restricted Number of Commodities in Visible Trade

Economic cooperation with this country also consists mainly of commodity trade, and cooperation in construction of capital investment projects has almost died out since 1974. There was an appreciable growth of commodity trade in 1979, when it recorded its highest value, more than \$11 million, but in 1980 there was a drop because of our reduced imports of tropical fruit. The decline continued in 1981, and over the first 9 months of the year exports were down 19 percent and imports down all of 37 percent.

Yarns and fabrics, with a value of \$1.06 million, are dominant among our export items, followed by cable (\$621,000), writing, printing and copying paper \$542,000, and so on, and exports attained about \$4.34 million in the first 9 months. Imports have consisted mainly of raw and processed foods, especially

tropical fruit: in the first 9 months of 1981 \$2.35 million worth of these articles were imported, so that total commodity trade in the first 9 months reached \$6.7 million.

There was also discussion of the possibility and need for increasing commodity trade during the visit of the Cypriot trade delegation (14-18 June 1981), and it was agreed that next year the value of total commodity trade would reach \$20 million, which is realistically possible.

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Feb 9, 1982

